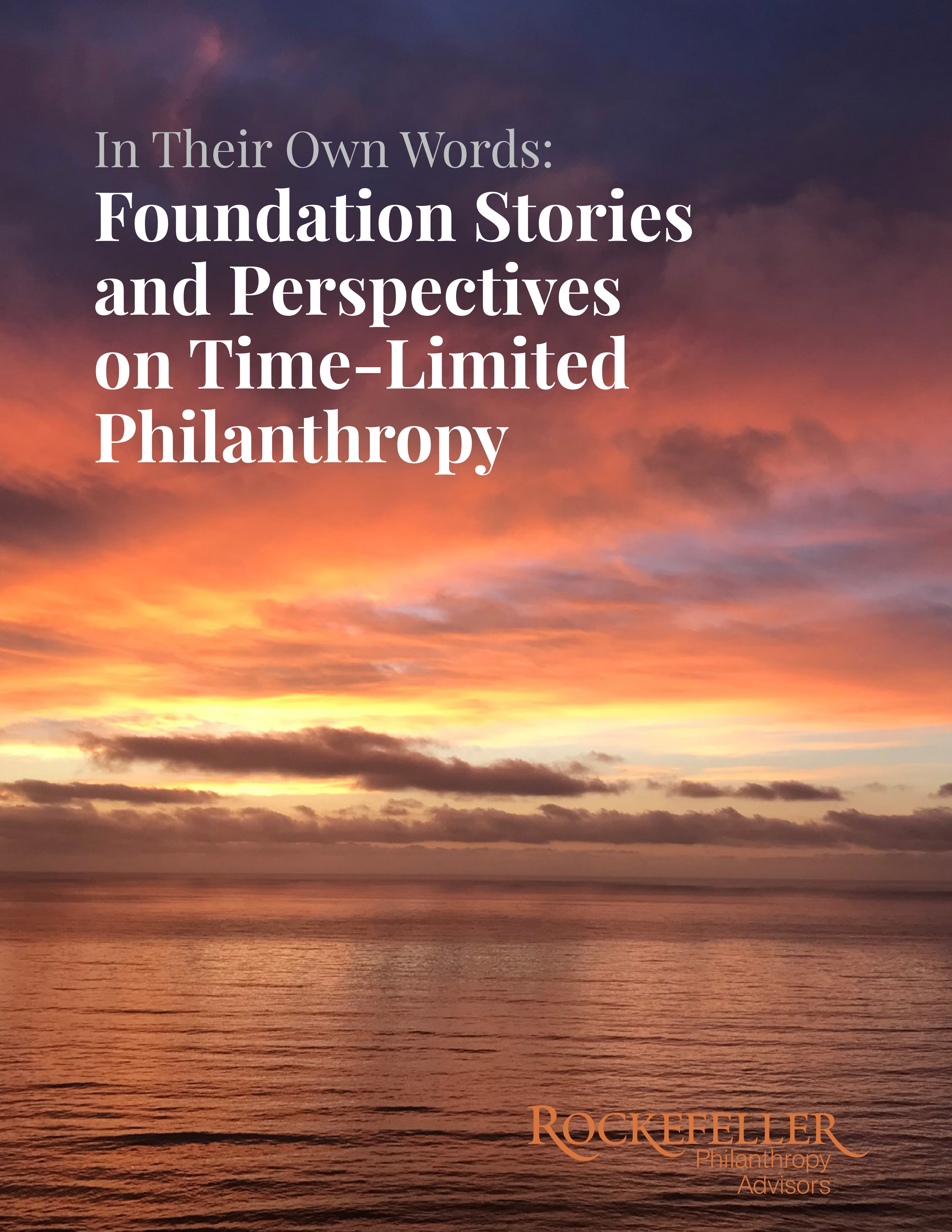
In Their Own Words:

Foundation Stories and Perspectives on Time-Limited Philanthropy



Rockefeller Philanthropy Advisors

Cover Photo by Olga Tarasov

In Their Own Words

FOUNDATION STORIES AND PERSPECTIVES ON TIME-LIMITED PHILANTHROPY

This publication is part of Rockefeller Philanthropy Advisors' multi-year research initiative exploring the various dimensions and considerations of strategic time horizons in philanthropy. It is a companion piece to the *Strategic Time Horizons in Philanthropy: Key Trends and Considerations* and *Strategic Time Horizons in Philanthropy: Strategy in Action* donor guides. These case studies are the result of conversations with numerous philanthropic leaders across the globe.

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Foreword

Christopher Oechsli
President and Chief Executive Officer
The Atlantic Philanthropies

"Giving While Living" has been The Atlantic Philanthropies' credo in the decades since founder Chuck Feeney's 2002 decision to commit the entirety of his wealth and resources to important philanthropic pursuits around the globe. When Atlantic first embarked on its journey, there was little to no body of work to help foundations choosing a time-limited strategic time horizon to navigate the operational and strategic complexities of the decision. Often foundations had to act by trial and error, correcting course along the way to come out in possession of valuable lessons in the end.

Years later, the increase in popularity of time-limited philanthropic models has created a greater demand for a global network of funders to exchange insights and experiences. Atlantic's fervent commitment to sharing lessons learned with other funders, and advancing the breadth of knowledge gained along the way, has contributed to this growing field and sparked the creation of communities of practice. At the end of the day, the overarching goal is to allow funders who are reviewing and reassessing their strategic time horizons to stand on the shoulders of those who came before them, and find the support they need to thrive.

We are grateful to Rockefeller Philanthropy Advisors for spearheading this compilation of crucial case studies on strategic time horizons in philanthropy to further illuminate the wealth of approaches that make up thoughtful and effective philanthropy. By spotlighting these individual journeys, we hope to harness the collective power of experiences, including Atlantic's own, in order to enrich the diverse tapestry of approaches. We hope that both new and seasoned philanthropic practitioners benefit from lessons and experiences of these twelve trailblazing organizations, and find in them guidance for approaching their own strategic time horizons even more intentionally, strategically and with greater urgency.


Source: The Atlantic Philanthropies

The Atlantic Philanthropies

Location: United States, Bermuda

Founded in: 1982

Closure date: September 2020

Staff: Over its lifetime more than 300 staff, in the final year 10

Endowment: $8 Billion

Founded in 1982 by duty-free magnate Charles "Chuck" Feeney, The Atlantic Philanthropies pioneered the "Giving While Living" movement two decades into its philanthropic journey. The approach is rooted in Chuck's personal philosophy and the idea that the wealthy should use their assets to help others during their lifetime. "I see little reason to delay giving when so much good can be achieved through supporting worthwhile causes today," Chuck noted. "Besides, it's a lot more fun to give while you live than to give while you are dead."[1]

Background

Chuck transferred all of his General Atlantic Group businesses, which included his entire 38.75 percent ownership stake in Duty Free Shoppers, to create The Atlantic Foundation. The foundation was established in Bermuda. This allowed the subsidiary businesses to continue to increase the value of the foundation's endowment and to allow Chuck and the foundation to give anonymously, which he did until 1997. Atlantic's inaugural grant of $7 million was made to Cornell University, Chuck's alma mater, to establish the Cornell Tradition program. Inspired by Chuck's transformative university experience made possible by the GI Bill, this scholarship and work-study program continues to fund talented students of modest means who are committed to public and community service. Higher education became a cornerstone of Atlantic's giving around the world, as Chuck "saw higher education as a pathway to opportunity."[2] This idea also shaped the foundation's dedication to making big bets in order to solve big problems.

Over its lifetime, The Atlantic Philanthropies had 10 offices across nine regions, spanning seven time zones, and gave $8 billion in grants in Australia, Bermuda, Cuba, Great Britain, Northern Ireland, the Republic of Ireland, South Africa, the United States, and Vietnam. This funding helped to create transformative change and fulfill Chuck's wish for the foundation to "think big," to contribute to big changes, and to show tangible results in his lifetime.[3] Currently in its final stages of operation, Atlantic closed its doors for good in September 2020.

> **"I see little reason to delay giving when so much good can be achieved through supporting worthwhile causes today... Besides, it's a lot more fun to give while you live than to give while you are dead."**
>
> **Chuck Feeney**
> Founder

Impact of the Decision: Realigning Focus and Strategy with a New Timeline, New Models

To demonstrate commitment to the "Giving While Living" philosophy and chart the course for others, in 2002, Chuck and the board of directors made the decision to spend the foundation's entire endowment and commit all grant-related funds by the end of 2016.

For Atlantic, this approach was not viewed as spending down but rather as building up, which reflected Chuck's desire for the foundation to achieve maximum impact during his lifetime. Atlantic's last President and Chief Executive Officer Christopher Oechsli summarized this sentiment as follows, "There's something to be said for urgency and condensing what it is we're trying to accomplish, and that has been one of the key drivers of all we've done. A deadline sharpens and focuses the mind and creates a sense of urgency in a healthy way."[4]

Following the decision to become a limited-life foundation, Atlantic's approach was driven by the desire to productively spend the remaining endowment within the projected 14 years by making big bets that would bring measurable, lasting improvements to people's lives worldwide.

In 2002, after reviewing a range of options, the foundation shifted the concentration of its resources, how it approached grantmaking, and grantees. During this phase, Atlantic focused on four program areas: (1) Children and Youth; (2) Aging; (3) Human Rights and Reconciliation; and (4) Population Health. It also had a Founding Chairman's program that supported Chuck's entrepreneurial initiatives. In terms of staffing, Chuck believed in a lean operation to keep an organization focused on its core mission.[5] The number of

Atlantic staff globally reached its peak of 124 in 2010, as the organization ramped up its grant making through 2011. At the same time, Atlantic shifted its investment policy, since with a limited investment horizon, low volatility and predictable returns became more important than higher returns. As the end of planned grantmaking approached, Atlantic invested principally in hedge funds and predictable return investments to minimize fluctuation risks and support predictable grantmaking and operating budgets.

The ultimate purpose of all these adjustments was to maximize influence and impact on the historic mission and strategic goals of The Atlantic Philanthropies in the short remaining time.

Starting with 2011: New Leadership, New Clarity

Seven years following the decision to invest the entire foundation endowment in his lifetime, Chuck became concerned with rising operating costs and what he saw as a lack of clarity, rigor and accountability.[6] In 2011, this prompted Chuck to transfer the leadership of the foundation to Oechsli, a trusted colleague with whom he had worked for two decades.

Revised Approach to Grantees

When Oechsli became Atlantic's new President and Chief Executive Officer, he led a process to "step back and look at the larger picture, rethink priorities, and develop a strategy to maximize the foundation's impact in its final years."[7] This process led Oechsli to develop guiding principles to optimize the five years remaining for Atlantic's commitment by:[8]

- Attacking root causes.
- Focusing on objectives that can have meaningful impact beyond Atlantic's lifetime.
- Setting significant and achievable milestones.
- Identifying and supporting strong leaders and anchor institutions.
- Concentrating on "big-bet" grant investments.
- Leveraging support from all possible sources, including government.

Source: The Atlantic Philanthropies

As Oechsli and his leadership team contemplated Atlantic's legacy, they rejected the idea of providing endowments to grantees. They instead looked carefully at the needs of each grantee organization and explored a range of strategies to support key grantees and their important work. Some of these strategies included: paying attention to how grants were structured, determining whether grantees needed occasional capital support or ongoing core operating support, and investing in "champion" organizations that were well-positioned to have an ongoing impact in specific fields. Within this framework, Atlantic developed an exit strategy for programs through an exercise known internally as "stock takes," evaluating grantee progress and what might be accomplished going forward.

The Final Years: Programs and Approaches

Driven by the desire to see Atlantic's work continue to bear fruit long after the foundation ceases operations, it was in these final years that the foundation made several grants that sought to address some of the world's most pressing challenges. These were big bets in key players who demonstrated strong prospects for maximum influence and impact. In this period, Atlantic focused on two hallmark programs: Global Opportunity and Leverage (GOAL) and the Atlantic Fellows.

Beginning in 2013, the strategy for GOAL was to identify opportunities to advance systemic change through strengthening leadership and selecting clear "champion" organizations that were considered well-positioned to achieve ongoing and future impact. GOAL focused grantmaking on key thematic areas that cut across Atlantic's work in the countries where it was most active. These included: (1) health equity; (2) inequality, democracy, and social change; and (3) health sciences and innovation.

The program was also designed to both transition from and build on Atlantic's previous work by making fewer, more concentrated grants to encourage transformative, lasting impact. Key milestones were developed to assess the success of the incubation period and a total of eight startups participated in the program. "We were not just doing more of the same and winding it down," explained Oechsli.[9] "We were actually winding some new things up, hopefully preserving a sense that the purpose was still meaningful in the final phase and ensuring an impact that will outlast Atlantic."[10]

At the same time, the foundation launched the Atlantic Fellows program, its final and biggest bet designed to have a major impact on 21st-century challenges facing societies around the world by investing in a community of fellows who would reflect the values and aspirations of Atlantic's mission. This was a more than $700 million multi-year initiative to fuel "catalytic communities of emerging leaders to advance fairer, healthier, more inclusive societies" through interconnected global issue areas, such as equity in brain health, health equity and social equity, among others.[11] The Atlantic Fellows program grants were developed in partnership with existing Atlantic partners and grantees who were aligned with the fellowship program goals, including the University of California at San Francisco, Trinity College Dublin, Columbia University, the University of Melbourne, the London School of Economics and Political Science, the China Medical Board, and Tekano, a new non-profit organization formed by health equity leaders in South Africa. The various programs fund leaders seeking to: (1) reduce the impact of dementia worldwide; (2) achieve health equity in South Africa, Southeast Asia, and the United States; (3) advance racial equity in the United States and South Africa; (4) improve the well-being of communities in Australia and the Pacific by drawing on the knowledge and expertise of Indigenous people; and (5) address global inequalities.[12] The strategy envisioned "incubating" startups for three years to ensure they would be well run, then making a final grant and concluding engagement.

To support and sustain the lifetime engagement of the fellows across programs, Atlantic partnered with the Rhodes Trust in Oxford to create the Atlantic Institute. The Atlantic Institute will achieve its mission through providing Atlantic Fellows and Program staff with the networks, architecture and resources to connect, learn and act together to address the underlying systemic causes of inequity—locally and globally. It also will engage with similarly oriented fellowship programs—a fellowship of fellowships—to maximize shared opportunities for influence and impact.

Internal Changes: Transitioning Staff and Investments

As part of its very deliberate exit from grantmaking, Atlantic was careful to view its staff as part of the legacy it was leaving behind and to encourage continuing engagement throughout the final years. In addition to offering a strong severance plan, it provided multiple transition resources. As roles were eliminated, affected staff members were given six to twelve months to find new employment. Additionally, Atlantic sought to ameliorate the eventual transition for staff by providing them with Atlantic Fellowships opportunities with a diverse range of organizations, including nonprofits, think tanks, government agencies, and in one case a for-profit entity, for up to a period of 12 months. The fellowship was entirely funded by Atlantic, and any employee could participate, regardless of level, as long as it advanced Atlantic's programmatic interests and organizational objectives. The hope was for these fellows to engage in substantive and impact-oriented projects to help carry them over

Source: The Atlantic Philanthropies

into their next stage after Atlantic. Atlantic Staff Fellows worked on: developing early childhood services for young children, families, and communities, helping collect and analyze data on racial bias in policing, and fundraising for a not-for-profit focused on aging, et al.[13] In many cases, according to Oechsli, "it gave people an opportunity to contribute to work they've done and ended up being a bridge to what people will do next. There has always been a sensitivity and responsibility to how we treat people who sign up for a limited life program and this approach helped us redeploy people in effective ways."[14]

With respect to finances, by 2015, Atlantic began liquidating investments and moved toward an all-cash endowment to ensure it could meet all obligations and operational expenses through its last day. It also made agreements with particular grantees to transfer residual illiquid investments—primarily real estate holdings and a number of businesses that the foundation ultimately would have to divest—to satisfy grant obligations.

"The single most important thing is having clarity about what you are seeking to achieve with your final investments, understanding what you stand for, and what you are seeking to have impact on."

Chris Oechsli
President and
Chief Executive Officer

Lessons Learned

While Atlantic felt that most of these final phase programs were successful, the foundation encountered a few challenges along the way.

Although the GOAL program by and large played a key role in helping Atlantic realize its goals, there was the challenge of shortage of time to transition some grantees, who were reliant on Atlantic's support, to a post-Atlantic operating model. Upon reflection, Atlantic's leadership concluded that with the planning for GOAL, "winding down long-standing programs and launching major culminating initiatives should have begun several years earlier. A longer runway would have made that transition smoother and allowed more time to test strategies, learn what was working, and make corrections as necessary."[15]

The delayed development of these final grantmaking transitions also led to some uncertainty for grantees. While Atlantic's goal was to communicate clearly and frequently, supporting grantees through the end with sustainability beyond, there was a clear recognition that "there is no formula for a perfect exit that will satisfy all grantees."[16]

The Final Countdown

Atlantic's final board meeting was held on June 1, 2020, and all residual assets were approved for final disbursement and application to operating costs to completion. Final dissolution actions were scheduled for September 2020. In this period, eight staff remained in NYC and two in Bermuda. However, Atlantic's impact and legacy will extend well beyond this final phase.

Cultivating a culture of learning and curating knowledge was essential throughout Atlantic's life, and key for ensuring that the Atlantic Fellows programs would remain dynamic and effective. To share its experience with the broader field, Atlantic developed a series of publications related to different aspects of its journey, dubbed *Atlantic Insights*. These writings addressed such topics as advocacy in philanthropy, working with governments, operating a limited life organization, and supporting strategic litigation. The foundation also committed to maintaining an active website and archives at Cornell University to allow the next generations of social change leaders and philanthropists to benefit from Atlantic's experience with the limited-life model. Annual reports on the web site also track Atlantic's final years towards conclusion of its mission.

In its final phase, Atlantic has been motivated by two main factors: clarity of mission; and clear communications and intentional engagement with staff. As Oechsli stated, "The single most important thing is having clarity about what you are seeking to achieve with your final investments; understanding what you stand for, and what you are seeking to have impact on."[17]

Legacy: How Atlantic Impacted the Field

The Atlantic Philanthropies' impact on the field of philanthropy has been momentous. Chuck Feeney and the foundation built the Giving While Living movement and elevated the topic of time-limited philanthropy. Chuck's influence has reached some of the most prolific philanthropists of our time, Bill Gates and Warren Buffett, who are longtime admirers of his "Giving While Living" approach to philanthropy. Both have called Chuck their hero and say he is their inspiration for the Giving Pledge, which to this day has more than 200 billionaires on board and attracted approximately $445 million in philanthropic commitments.

Source: The Atlantic Philanthropies

Source: Thurgood Marshall Institute

NAACP Legal Defense and Educational Fund and the Thurgood Marshall Institute

The Atlantic Philanthropies sought to make big bets that would bring measurable, lasting improvements to people's lives worldwide. A key aspect of that work involved targeting root causes and pervasive, systemic issues—a goal that aligns directly with the work of both the NAACP Legal Defense and Educational Fund, Inc. (LDF) and the Thurgood Marshall Institute. Although these organizations have long-term strategic time horizons, Atlantic used its funds in the short term to make a big impact on the ongoing civil rights movements and to cement its legacy, demonstrating how time-limited philanthropic funding can amplify the impact of long-haul funders and grantees.

Since its start in 1940, LDF has been a pillar in the fight for racial justice in the United States. The legal organization works through litigation, advocacy, and public education to seek structural changes that "expand democracy, eliminate disparities, and achieve racial justice in a society that fulfills the promise of equality for all Americans."[18]

Atlantic Funding: Short-Term Big Bets to Help Organizations Flourish in Perpetuity

The Atlantic Philanthropies' relationship with LDF began in 2010, when the foundation was one of the early funders in the field of criminal justice. While Atlantic was always clear that its philanthropic timeframe was finite, when Sherrilyn Ifill became LDF President and Director-Counsel in 2013, she aimed to engage with funders like Atlantic as "intellectual and justice partners," as Ifill shared. This approach allowed for open and transparent conversations about what was going well, what gaps existed, what opportunities allowed for better reaching their shared goals, and how to best leverage diverse funding models and approaches.[19]

When Ifill became President of LDF, she revived an idea, developed 15 to 20 years earlier, to boost and highlight the educational part of the Legal Defense and Educational Fund's mission. Christopher Oechsli, President and CEO of The Atlantic Philanthropies, became impassioned about the idea and asked LDF to put together a proposal for the program, which ultimately would become known as the Thurgood Marshall Institute.

However, as Atlantic was on course to spend down its assets in seven years, LDF faced a complex task of creating a program with an intended long horizon but without the guarantee of long-term funding. According to Ifill, "I said I wasn't going to start down this path unless I knew that the Institute program could run for three years. I felt sure I would be able to find other money once it was up and running, but I couldn't stand something up like that and pull people in unless I knew that they would be around for a while."[20] The Atlantic Philanthropies met this challenge by providing LDF with a $5 million GOAL (Global Opportunity and Leverage) grant to establish the Thurgood Marshall Institute, a research and strategic communications think tank at LDF that would fulfill LDF's mission to both litigate and educate in the pursuit of racial justice and equality. GOAL grants were reserved for organizations that had a proven and effective record of addressing some of the underlying themes of Atlantic's programs.[21] This finite, short-term funding was also intended to provide Ifill and other LDF leaders with a reasonable runway to attract sustainable long-term funding for the Institute.

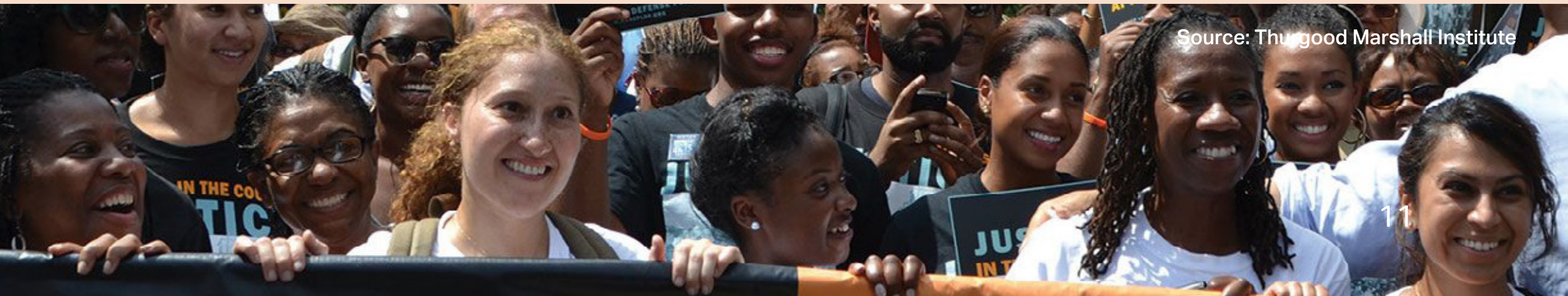
In 2015, the Thurgood Marshall Institute was launched to complement LDF's activities with critical analysis, research, and advocacy centered around the fight for racial justice. The founding grant from Atlantic was critical, providing LDF the time, funds, and support to get the Thurgood Marshall Institute off the ground. In the Institute's first three years, the staff focused on doing as much as possible to host events, develop publications, and build the Institute's name, authority, and reputation. In doing so, the staff was driven by an awareness that "this was a use-it-or-lose-it game, and we needed something to show for it to help us eventually raise funds once all the money was spent," Ifill said.[22] This effort was less about a sense of urgency and more about developing a solid structure and programming and effectively integrating the Institute into the larger LDF.

Atlantic's funding provided the freedom and space not only to develop the organization internally but also to develop robust relationships with other funders to sustain its work long after Atlantic's funding ended.[23] In the five years after receiving the founding grant, the Institute attracted substantial long-term and institutional support from the giants of social justice funding, including Open Society Foundations, the Ford Foundation, and prominent family foundations. This has enabled the Institute to realize its vision and carry out extraordinary work. The Institute staff has undertaken original research and published numerous studies critical to emerging areas of civil rights works, including the effect of school discipline policies on Black girls, the proliferation of voter suppression laws since 2013, and a groundbreaking study on race and water affordability that led to the launch of a new housing discrimination litigation project at LDF. Critical to the Institute has been its convening power—bringing together academic and organizing experts from across multiple fields to participate in day-long "learning labs," to test and strengthen elements of civil rights theory and practice.

The relationship between LDF, the Thurgood Marshall Institute, and The Atlantic Philanthropies extended well beyond funding. By helping LDF found the Thurgood Marshall Institute, Atlantic made a meaningful contribution to advancing the field of racial equity and criminal justice and made it possible for other funders to build on this time-limited and targeted work. This also allowed LDF and the Thurgood Marshall Institute to explore new frontiers in the battle for racial justice, equity, and criminal justice reforms. As further evidence of this service to the field, Atlantic engaged Ifill, LDF, and the Thurgood Marshall Institute as key thought partners and advisors in setting up the Atlantic Fellows for Racial Equity Program. Directed by Kavitha Mediratta, a recognized leader in the field of racial justice, and hosted at Columbia University in coordination with the Nelson Mandela Foundation, this 10-year, $60 million program provides opportunities for leaders in the United States and South Africa to contribute to dismantling anti-Black racism.[24] The program, Ifill noted, "is a stroke of brilliance and exactly the right kind of investment a spend-down can make for the future: investing in future leaders."[25]

Leaving it All in the Field Today to Support the Successes of Tomorrow: The Importance of Strategic Foresight to Time-Limited Giving

Spend-down foundations' funding of long-horizon organizations can seem to run counter to such foundations' core mission to effect long-term, even systemic change. This challenge requires strategic foresight and a clear understanding of how time-limited foundations' funding fits into the overall field and its diverse ecosystem of funders. According to Ifill, "Funders understand the nature of structural change, they know this work is long-haul, and multi-year foundation support is essential because of the time it takes to find 'success' in this line of work." This thinking, Ifill believes, must drive the strategic vision of spend-down philanthropy to find ways to invest in the future and support the field within a finite timeframe, without expecting change to follow the same timeline. "If you're spending down with the idea of throwing all assets at the issue in the hopes that this will be resolved in five years, that's the wrong way to be a spend-down funder. Spend-down philanthropy can equip those of us in the field to make big bets—something we are rarely equipped to do. These investments allow us to accelerate our change models, which is critical to advancing real and lasting transformation."[26]


Source: Thurgood Marshall Institute


Source: funinjerusalem.com

AVI CHAI Foundation

Location: United States, Israel, the former Soviet Union
Founded in: 1984
Closure date: 2019
Staff: 37 globally
Endowment: $1.04 billion

Founded by Zalman C. Bernstein in 1984, the AVI CHAI Foundation has pioneered the field of spend-down philanthropy. The foundation shaped and advanced the practice of time-limited philanthropy, making it easier for others to follow its thoughtful approaches to staff and grantee management.

Background

Bernstein, co-founder of leading investment management and research firm Sanford C. Bernstein, established the foundation as a result of his growing interest in his Jewish heritage and his embrace of a more traditional observance of Judaism following the death of his father. AVI CHAI means "my father lives," a reference to Bernstein's own father, the heavenly Father, and all the parents educating the next generation of Jewish people.[27] The foundation aimed to encourage a greater commitment to and understanding of the diversity of Jewish faith, lifestyle, and traditions.

Initially, the foundation focused on outreach to adults, reflecting Bernstein's personal spiritual journey. In 1992, however, the foundation shifted its attention towards Jewish youth, helping them serve as what Arthur Fried, the Chairman of AVI CHAI, called the "energizing nucleus" for the next generation of Jewish people.[28] This led to the creation of focused programs in North America and Israel in the mid-1990s and the former Soviet Union in 2001. The locations had comparable activities, but their missions differed. In Israel, the foundation concentrated on fostering Jewish learning, culture, debate, community, and leadership, in part by contributing to the movement of Jewish Renewal. In North America, AVI CHAI sought to build a network of young Jewish people to lead the next generation intellectually, spiritually, and communally, largely by focusing on Jewish day-school education and overnight summer camps. In the former Soviet Union, the foundation focused on "engaging unaffiliated Jews and revitalizing Jewish life, education, and culture after decades of Soviet-era suppression."[29]

By the end of AVI CHAI's philanthropic life, it had invested $1.04 billion globally, and nearly $480 million in North America. All grantmaking in Israel and North America concluded on December 31, 2019.[30] While the total impact of AVI CHAI's efforts remains to be seen, nearly 200 schools and camps have received interest-free loans from the foundation, thousands of educators and leaders have improved their craft through AVI CHAI's programs, hundreds of thousands of students have used the AVI CHAI-funded curricula, and 45 research reports were produced to document the foundation's lessons learned.

"AVI CHAI decided we would not leave endowments for anything. The money had to be spent on initiatives co-created with our philanthropic partners.

Yossi Prager
Executive Director

Spending Down: The First Discussions

Bernstein frequently spoke with AVI CHAI's trustees about legacy and values, discussing whether foundations continue to operate along their original values and focus areas after the death of their founders. Ultimately, Bernstein declared his preference for a spend-down model, telling his wife, Mem Bernstein, and an original trustee, Arthur Fried, that he did not want AVI CHAI to continue beyond the lifetimes of its then-current trustees, whom he knew shared his values.[31] However, a written mandate against existing in perpetuity was never made.

Following Bernstein's passing in 1999, Mem Bernstein succeeded her husband as a member of the management committee. Two years later, she, along with Fried, the sole original trustee, and Lauren Merkin, another trustee, presented the idea of spending down to the board. Strengthening their case was AVI CHAI's high level of spending, which could not sustain the foundation in perpetuity. Although the proposal gained unanimous support from U.S. trustees, there was a lack of consensus among Israeli trustees about the notion of spending down. This was primarily because of a growing concern about the fragility of program areas and the continued need for AVI CHAI's support in Israel. Paradoxically, for the U.S. trustees, it was this recognition of AVI CHAI's important and singular role in the field that pointed to the need to spend down. The trustees, particularly Fried, believed that to effect change, the foundation would have to spend big, which meant it could not continue indefinitely.[32]

Shifting Dates and Strategies

In 2003, a potential spend-down date of 2027 was floated for what would have been Bernstein's 100th birthday. For two years, discussions involved the feasibility of a set spend-down date and what that would mean for resource allocation. The foundation realized that if it wanted to maintain its current levels of spending to go big on impact, a more accurate end date would be 2020, with grantmaking concluding in December 2019. In 2004, the decision to spend down within 15 years was made and announced to the public the following year. Initially, AVI CHAI planned to operate at a payout level of $55 million per year and to cut 5 percent in spending across all programs. It intended to have enough resources remaining in 2020 to endow Beit AVI CHAI, a Jewish cultural hub established in Jerusalem in 2007, and dedicated to the creation, development, and expression of Jewish thought and ideas.

Unfortunately, the 2008 financial crisis and the subsequent loss of a significant portion of its endowment complicated AVI CHAI's plans and forced the foundation to revisit its strategic outlook on spending down. In a letter, Fried, the Chairman of AVI CHAI, asked his fellow trustees, "Do we continue to spend at current rates of approximately $60 million a year and therefore, most probably, be forced to curtail our activities long (4-5 years) before 2020, or do we take a hard look at all we are doing today and …consider funding only those projects and programs that the Trustees, as a group, consider to be our highest priorities?"[33]

In this context, the initial plan to cut 5 percent across all programs was no longer deemed sufficient and the executive leadership decided to reduce the number of programs and projects funded. The process of evaluating ongoing projects to determine which ones to continue included staff rankings and a rubric based on multiple factors, including fit with foundation priorities, the program's reach, the depth of the intervention, and the grantees' ability to be sustainable after AVI CHAI's funding ceased. The foundation ultimately reduced its number of grantees by nearly half, from 148 in 2008, to 75 in 2010.

Source: AVI CHAI

A Responsible Strategy: Placing Primacy on Impact and Grantee Sustainability

Recognizing that a successful spend-down strategy required even greater responsibility, focus, and efficiency, in 2010, AVI CHAI's leadership engaged the Research Center for Leadership in Action at New York University to run an exercise called the "History of the Future."[34] The goal was to imagine what the world would look like in 2020, because of the foundation's work over the forthcoming decade. This led the foundation to develop a narrower disciplinary focus and helped crystallize the importance of encouraging sustainability among its grantees. As a result, AVI CHAI's spend-down focus became twofold: (1) field building and partnerships, and (2) the sustainability of grantees.

Field building in the areas of Jewish culture, education, and camaraderie—including Jewish day schools or camps—was key to encouraging the sustainability of supported organizations. This included early communication with grantees, recruiting potential partners and donors, and, in particular, forging alliances among grantees to encourage sustainability long after AVI CHAI's exit. According to Yossi Prager, Executive Director of AVI CHAI in North America, "All grantees knew from 2005 that we were spending down. The discussions about sustainability happened over a long period of time and were planned with a goal of giving them a better chance at long-term viability. This included nonprofit mergers among our grantees in three distinct cases, introductions to partners for future funding, and more."[35] In one case, to promote sustainability, the foundation facilitated the merger of five organizations serving day schools into one. As Prager noted, "One of the reasons we pushed this approach was because it didn't seem as though the five organizations could be sustainable going forward on their own. Thus, we funded strategic planning and they took a modified path to prepare for a future in which they wouldn't be able to benefit from AVI CHAI's funding."[36]

In the early stages of AVI CHAI's spend-down process, its leadership decided that spending down would not simply mean winding down current activity but would include new initiatives in the final years, all undertaken in partnership with other funders. As part of this effort, the foundation sought to work with partners not only to extend the potential impact of its investments but also to aid in its goal of sustainability in the field. According to Prager, AVI CHAI "decided we would not leave endowments for anything. The money had to be spent on initiatives co-created with our philanthropic partners. This way, rather than acting alone, we can better support the capacity-building of grantees in concert with others."[37] For instance, after the former Soviet Union program ended in 2015, many of its previous grantees continued and, in some cases, even expanded their work with support from these partners.

Happy Staff, Successful Spending

As a core aspect of its time-limited philanthropic strategy, AVI CHAI took an intentional approach to staff recruitment, development, and retention. The foundation believed deeply that a happy staff would be key to its spend-down success. According to Prager, four factors contributed to AVI CHAI's success with attracting and retaining staff: (1) the people the foundation chose to hire; (2) a feeling of partnership among trustees, management, and staff; (3) evolving roles even within the same jobs; and (4) work-life flexibility.[38] As a result, the shortest tenure of any staff member was seven to eight years. In hiring decisions, diversity of background was a crucial consideration. This led Zalman Bernstein to hire Prager out of a law firm and shaped hiring in subsequent years. Hiring practices also recognized the need for staff to complement rather than duplicate the expertise of grantees.

Staff members were considered full partners in work and decision-making. Every staffer attended the board meetings and was encouraged to question and even contradict the trustees. Furthermore, the governance system created by Bernstein at the outset partnered a trustee and staff member on every grant program, giving individual staff members a direct working relationship with trustees. Although the trustees remained the ultimate decision makers, an inclusive and fair environment allowed the staff to work together.

"All grantees knew from 2005 that we were spending down. The discussions about sustainability happened over a long period of time and were planned with a goal of giving them a better chance at long-term viability."

Yossi Prager
Executive Director

AVI CHAI's human-centered approach and focus on a happy staff came into sharper focus during the spend-down journey. As part of its retention strategy from early on, the foundation introduced a multi-tiered plan for compensation, professional training and development opportunities, and future career opportunities that allowed staff to feel comfortable and supported in a job they knew would end within a specific timeframe. This included financial support for staff members pursuing academic degrees, certificates, and training that would help their careers after AVI CHAI. Additionally, the foundation set up a pension plan for staffers who had been with the organization for 18 or more years. These staff members would continue receiving roughly 20 to 25 percent of their salary from AVI CHAI after the foundation closed its doors. As AVI CHAI approached its final years, its leaders wanted to give their staff the freedom to leave the foundation before it closed, especially in light of an uncertain job market and the possibility that staff members would have to compete with one another for jobs. Notably, no employee left AVI CHAI during its final two years, and the foundation benefited immensely from retaining a dedicated staff.

Looking Ahead to the End

Early on in its spend-down journey, the AVI CHAI Foundation hired Joel Fleishman from Duke University's Sanford School of Public Policy to develop a report on best practices in spending down. Reportedly, he came back with an empty folder, stating, "There haven't been enough spend downs yet, and the ones that have, aren't well documented."[39] At that moment, AVI CHAI's leaders decided to chronicle the foundation's own spend-down process, to document missteps and best practices, and help guide the time-limited foundations that followed. Starting in 2010, Fleishman provided annual documentation and assessments of the foundation's progress and challenges, offering an external perspective on the process.

Long after it closed its doors, AVI CHAI's entrenched culture of learning and knowledge will continue through several means, including:

- Leveraging thought partnerships to share lessons for the benefit of other foundations.
- Producing case studies highlighting the foundation's spend-down activities, and blog posts about the thought processes behind them.
- Conducting impact evaluations in North America and Israel.
- Commissioning a book about the work of AVI CHAI that will be archived at the American Jewish Historical Society.

AVI CHAI's trailblazing impact on the field and practice of time-limited philanthropy, as well as on its funders and grantees, remains profound. In the words of Mem Bernstein, who oversaw AVI CHAI's spend-down journey, "Ralph Waldo Emerson wrote, 'The creation of a thousand forests is in one acorn.' These people, these leaders, were acorns we had helped nurture to become the trees of the thousands of forests of the Jewish people. And it was so clear to me hearing them talk, debate, and dream that their roots were deep and strong. I am sure you can imagine for a foundation about to sunset there is nothing more powerful than seeing our work unfold in the ways we had hoped for. To me that is success. These people are our legacy."[40]

Source: AVI CHAI

Source: OLIVIER DOULIERY/AFP via Getty Images

Compton Foundation

Location: United States
Founded in: 1946
Closure date: 2026
Endowment: $24 million

As a recent newcomer to the practice of time-limited philanthropy, the Compton Foundation is setting the mark on thoughtful and strategic approaches to philanthropic time horizons. Driven by the "fierce urgency of now," after 75 years of existence, the foundation decided to spend down its assets in order to accelerate transformative change and live its core values of equity, democracy, and justice.[41]

Background

The startling toll of World War II, including the loss of their youngest son, prompted Dorothy and Randolph Compton to act. In 1946, they created the Compton Foundation with the sole aim of helping to promote peace and prevent another war. Since then, the foundation has supported anti-war campaigns, nuclear nonproliferation advocacy, and policy related to peace, democracy, and justice.

From the start, Compton family members have been at the helm of the foundation's board, which also comprises 50 percent non-family members who represent fields funded by the foundation. In the 1970s, Dorothy and Randolph's children joined the foundation and added women's reproductive rights and environmental protection to its focus areas. With the expanded mandate, and the departure of the founders in the 1980s, the foundation needed more support and added several staff members.

Family Considerations and the Motivation to Spend Down

In 2010, the foundation hired a new Executive Director, Ellen Friedman, who brought decades of experience in strategic philanthropy. Friedman began her tenure with a strategic review of both programs and budgets, and she instantly realized the foundation was spending down—but unintentionally. According to Friedman, for about 25 years the foundation had been spending more than the minimum payout, some years between 7 percent and 11 percent more.[42] However, the foundation had broached the topic of deliberately spending down only once in the mid-1990s, and eventually it was forgotten.

Early in Friedman's tenure, she sought to reduce spending and develop a more effective strategy. She informed the board that "what the foundation is currently spending in grantmaking and operations would have put Compton out of business in 14 years," recalled Friedman.[43] The foundation was on a clear path to spend down—but without the intention, strategy, or planning for doing so. However, before foundation leaders could have an intentional and nuanced conversation about the time horizon, they decided first to balance the budget and take stock of their grants and staff. That would then allow them to explore the spend-down question. Around 2014, the foundation began a conversation about whether it would continue in perpetuity or adopt a time-limited model.

"While we care about world peace, what we care about most is igniting a cultural shift through the building of the next generation of strong connected leadership, primed to advocate and build support for a strong progressive movement into the future."

Ellen Friedman
Executive Director

The notion of spending down a family foundation can unearth differences of opinion around legacy versus organizational mandate. In the Compton Foundation's case, those differences fell along generational lines. One side of the family wanted to maintain the founders' legacy and continue to exist in perpetuity. Another side—driven by the urgent need to contribute as much as possible in light of growing attacks on the rule of law, democracy, and human rights—wanted to spend down. The latter group also questioned the role of in-perpetuity philanthropy in contributing to inequalities and injustices. Additionally, to exist in perpetuity, the foundation would have needed to cut both its grantmaking and operating budgets in half, which would have completely changed its grantmaking model. Non-family board members and family members alike felt such a reduction would do a disservice to the foundation's mission and the work it supported. Nonetheless, the board tentatively decided to reduce grantmaking and staffing in the interim and defer the decision on the strategic time horizon for a year.

However, the board's disposition shifted dramatically in 2016. This was prompted by the election of Donald Trump and the new sociopolitical reality it ushered in the United States, as well as the spend-down decisions made by the Kendeda Fund, Beldon Fund, Edward W. Hazen Foundation, and the Whitman Institute. "Everything we cared about was on the line, and we needed to step up to the plate if we were truly an organization driven by our values," said Friedman.[44] The board seriously and urgently began to consider going all in on spending down.

Planning to Spend Down

In early 2018, the board decided to split the Compton Foundation. Some family members would use foundation assets to create an in-perpetuity foundation, and the remaining family and non-family members would begin the spend-down planning process, which would be determined in April 2019. Immediately the team began to reflect on what spending down would mean for the foundation, what spending timeline would be optimal, and how to prioritize grantmaking going forward.

In the year prior to the planned April 2019 meeting, foundation staff brought in advisors to guide the foundation in key areas such as finance and strategy, and readjusting the foundation's portfolio. Other steps entailed researching different ways other organizations have approached spending down, and using that knowledge to craft the foundation's own approach, as well as shifting to an invitation-only grantmaking process.

According to Friedman, the foundation encountered three big challenges[45] while planning the spend-down process:

- How to prioritize grantees and maximize impact along various streams of work, which Friedman described as "depth versus breadth." She noted, "The foundation had a portfolio of about 80 grantees. We considered if it would make more sense to cut that number in half for the spend-down process and go deeper with fewer grantees than try to keep everyone in the portfolio with diluted, smaller amounts of money."
- The foundation's spend-down timeline and the potential impact needed for today's political moment versus that reserved for future generations. More specifically, according to Friedman, the question was, "Are we going to say we're in it for the long

Source: All Above All

haul working with these 40 grantees, or keep a portion of our resources available for a one-time rapid response?" In the end, the foundation decided "to invest significantly in a positive vision for the future now, rather than keeping our assets in perpetuity," she said.

- A sense of responsibility for maintaining and stewarding the family's more than 75-year legacy. The foundation was always involved in empowering work for disadvantaged communities. The meaning and legacy of this work, and the connection to the communities served, would be difficult to sever.

Throughout this process, the Compton Foundation recognized that "while we care about world peace, what we care about most is igniting a cultural shift through the building of the next generation of strong connected leadership, primed to advocate and build support for a strong progressive movement into the future," according to Friedman.[46] That's now a tangible pursuit: "We have a good sense of where the momentum and strengths are, and we already have a strong set of networked leaders who are moving what we care about."[47] This strong sense of direction and purpose will help write a new chapter in the foundation's legacy.

"In the transition of the last three years, knowing that we only have a limited time to be around, I've felt more creative about the work and who we support. Having a spend-down mindset helps make sharper decisions."

Ellen Friedman
Executive Director

Spend-down Strategy

An impassioned debate took place at the Compton Foundation's April 2019 board meeting. It involved current critiques of philanthropy; the role philanthropists can and should play in solving global challenges; and musings on the speed with which money is disbursed into the field "and how that is causing a foundation like ours to question the issue of perpetuity," said Friedman.[48] It quickly became clear that spending down was the right approach for the foundation.

From that meeting emerged clear outcomes and decisions pertinent to the future:

- A five-year spending plan that reflects a seven- to eight-year spend-down timeframe.
- An operating plan that was presented at the November 2019 board meeting, which was first privately implemented and later publicly announced.
- An approved, revised theory of change that outlines the foundation leadership's objectives over the next five years and its own potential contributions.

In addition to these steps, the meeting brought to light two significant areas of concern: the fate of the grantees and the role of the board.

Grantees

One of the first steps in spending down is attending closely to cashflow liquidation—ensuring year on year the foundation doesn't overcommit funds and is able to spend down responsibly, methodically, and effectively. That involves the consideration of different grantmaking processes. For the Compton Foundation, this meant "reducing our portfolio between 2019-20, and going a little deeper with some of our grantees, making a series of three- and five-year unrestricted grants," said Friedman.[49]

In what the foundation is calling its "meeting the moment" strategy[50], its next step was to "assess the portfolio to figure out which relationships and grantees most closely match the new theory of change, respectfully cycling some out as we chart a clear path forward," with the aim of beginning to implement multi-year grants in early 2020.[51]

The Board

Friedman recalled a conversation she had with a colleague from an organization in the final two years of its own spend-down journey. She realized they shared the same concern: the role of the board throughout the process. As a result of making long-term multi-year grants, which can commit two-thirds of the portfolio, board members have a diminished role in approving new grants.[52] How to keep board members engaged so there is still a governing team in place at the end of the timeline is an important question without a clear answer. However, Friedman has begun to think about how the foundation can gather board members' lessons learned.

Upon reflection on the entire process leading up to the decision to spend down, Friedman shared, "I have been working in philanthropy for 35 years and have grown to believe that that creating an end date sharpens the mind. In the transition of the last three years, knowing that we only have a limited time to be around, I've felt more creative about the work and who we support. Having a spend-down mindset helps make sharper decisions."[53]


Source: Compton Foundation

Forward Together

When the Compton Foundation made the decision to spend down in 2019, a key priority was to facilitate a process that would not only help bolster grantees, but ensure their sustainability for years to come. One of such grantees is Forward Together, a multi-issue, multi-racial national organization that unites communities to "win rights, recognition, and resources for all families."[54] Since its start, Forward Together has worked to dismantle the many complex and systemic ways society marginalizes people based on race, sexuality, and gender.

Compton Foundation and Forward Together: A Close-Knit Partnership

Forward Together's funding relationship with the Compton Foundation began in 2012. Since then, Compton has given Forward Together $50,000 a year (roughly 1.4 to 2 percent of its annual budget), with an additional grant of $25,000 in 2015, to support the launch of the "Stepping Into Power" leadership development program. However, the relationship between the two institutions has not been merely financial. The foundation's staff members have had an outsize impact on Forward Together's work by serving as thought partners and ambassadors of its cause in the sector, including among other funders. "On numerous occasions Compton staff members invited us to present our work to their board, other funders, and leaders in the field. And Compton never hesitated to provide introductions to other funders," said Jeana Frazzini, Forward Together's Director of Philanthropic Partnerships.[55] In addition, Ellen Friedman, Executive Director of the Compton Foundation, participated in an internal initiative that brought together a handful of close funding partners to help Forward Together think about innovative ways to diversify its funding streams.

In 2019, as the Compton Foundation considered spending down, it communicated regularly with Forward Together, letting its Executive Director, Eveline Shen, know very early on about the direction of its discussions. Once the decision had been made, the two organizations had regular check-ins about the impact this decision would have on Forward Together's future funding. As Frazzini shared, "This transparency was really helpful in our ability to plan, and it gave us time to generate new revenue to replace the funding, which is in line with what we have come to expect from the foundation in terms of maintaining a strong relationship."[56] Ultimately, Forward Together received a final grant of $75,000 per year for the last five years of Compton's life (2020–24). This five-year close-out grant will give Forward Together time to generate new revenue to replace the Compton funding—a process which Compton's staff has continued to support by identifying and connecting it with other funders.

While the extra funds are of great use to the organization's efforts to bring on more staff to support its growing portfolio, there have been mixed feelings about the future loss of one of its strongest funder relationships and a partnership that has provided steady and critical support. This was compounded by the fact that, since around 2015, four of Forward Together's funders, including Compton, decided to spend down. As Frazzini revealed, "We are conflicted about these decisions and uncertain about what it means for the future of our work. On the one hand, we recognize that the funders' resources urgently need to get to the impacted communities, rather than being diluted indefinitely. On the other hand, we're finding that it is difficult to replace the strong and responsive relationship we have with foundation partners like Compton." This will be an even bigger challenge given the immense barriers for work led by women of color and transgender and gender-nonconforming individuals, with only 0.6 percent of philanthropic giving concentrated toward this work. These barriers have only been exacerbated during the time of COVID-19 and the economic downturn. This reality makes the issue of achieving sustainability and growth vastly larger than Compton's decision to spend down; it is something Forward Together will continue to grapple with as time goes by.


Source: Compton Foundation

Source: The Chronicle of Philanthropy

Edward W. Hazen Foundation

Location: United States
Founded in: 1925
Closure date: 2024
Number of staff: 3
Endowment: $25 million

Founded in 1925, by Edward Warriner Hazen, a publishing executive and former teacher, the Edward W. Hazen Foundation was an early pioneer of programs to support and empower youth. Nearly a century later, in response to the growing urgency to address systemic injustices in the United States, the foundation made another pioneering decision: to spend down its entire endowment by its 100th anniversary, paving the way for others to do the same. As President Lori Bezahler shared, “The decision to spend down was driven by practical considerations about what we can do and the right model for our foundation, given its values, mission, goals, and an examination of this moment in time.”[57] In its remaining time, the foundation is making its mark on history by propelling the momentum around youth organizing in key social justice and equity movements, including Black Lives Matter, the anti–gun violence movement Never Again, the pro-immigration rights DREAMers movement, and the climate justice movement.

Background

In its early stage, the Hazen Foundation focused on building more values-based and religious instruction in higher education. In the 1970s, public education and youth development became distinct programmatic areas of focus, and it made grants to support juvenile justice, teen pregnancy prevention, and computer literacy, among others. This period of grantmaking, which lasted for more than a decade, shaped the foundation’s current programmatic support of community organizing for school reform and youth organizing, which began in 1989. In 2009, the foundation intentionally articulated structural racism as the core of its work to hold itself publicly accountable to the cause, after gaining clarity the year before on the roots of structural racism in the United States. Today, the Edward W. Hazen Foundation’s mission has evolved to support grassroots communities of color fighting for educational equity and racial justice.

Throughout its lifetime, the Hazen Foundation has given millions in grants to support youth development and build a new class of leaders primed to fight for equality. The foundation has made an undeniable impact on the movement for racial equality in the United States in small but significant ways, and it continues to provide crucial support as it prepares to close its doors in four years. The Hazen Foundation has exhibited how philanthropic dollars are critical for responding to the acute needs in communities throughout the U.S. today.

Meeting the Moment: Spending Down for Outsized Impact

The Impetus for Action

The Edward W. Hazen Foundation initiated discussions about potentially spending down in 2017, and it took two years to reach consensus around the decision. Hazen was a small but established foundation that spent decades working at the grassroots community level to support youth organizing and movements via small grants. The grassroots approach greatly contributed to building, enabling, and growing momentum around youth-led activism and initiatives. It also sparked a new sense of empowerment, energy, and opportunity around the country, and led to the rise of some of the most significant social justice movements in U.S. history, largely led by young people of color.

"If we continued with the model of perpetuity and the assumption that we would always be there in a sustainable way, instead of using all our money to create big change now, we would regret it. It's a big risk, but we will not be given any do-overs. It is now or never."

Lori Bezahler
President

However, once Donald Trump came to power in 2016, and introduced what Hazen saw as regressive policies, organizing to fight injustice, white supremacy, and structural racism gained an infinitely greater sense of urgency. "We were seeing some of the most frightening kinds of pushback, real threats to individuals in real time, and a dangerous backlash to powerful organizing," Bezahler said.[58] "And young people made the urgency and the tone of the public conversation very clear. They brought it forward in such a moving way that we couldn't look away."[59] Inspired by this, the foundation doubled down on exploring the spend-down option by sending out surveys, holding focus groups, getting buy-in and information from communities, working with a range of movement theorists, and discussing and engaging in scenario planning internally. Through this process of collective inquiry and feedback, the foundation came to the conclusion that "we are living in a unique and exigent moment and something has to be done to address it now," Bezahler said.[60]

Going All In

Thus, in 2019, the foundation's leadership decided to spend down within five years to meet the urgency of the moment and make an outsized impact. According to Bezahler, "We knew it was a very important moment and an opportunity for us to push forward and make a difference. If we continued with the model of perpetuity and the assumption that we would always be there in a sustainable way, instead of using all our money to create big change now, we would regret it. It's a big risk, but we will not be given any do-overs. It is now or never."[61] The decision to go all in was further validated by the funding context of the day, in which most organizations, particularly those led by people of color, carrying out pivotal work in the areas of educational access and equity, youth organizing, and civic engagement were grossly under-resourced and forced to operate on shoestring budgets.

Following the decision, Hazen announced its spend-down plans, and shared the timeline, communications strategy, indicators of progress, as well as the focus on building capacity, infrastructure, and skills to empower individual organizations.[62]

Jumping into Action: Formulating Plan and Strategy

Reinterpreting the Charter

The foundation's mission and work evolved significantly over the nearly 100 years since it was founded. Edward Warriner Hazen was passionate about providing young people with leadership opportunities. Initially this philosophy manifested itself in support for organizations like the Boys & Girls Clubs of America and later through fellowships for postgraduates from South Asia and Africa to receive education in the United States. As the foundation's work and mission evolved, so did its interpretation of the charter, although the document remained

Source: bUneke Magazine

unamended. While the founder may have envisioned different programmatic solutions to tackling persistent social inequities, the Hazen Foundation's current approach preserves his philosophy of character development, opportunity, and leadership. In describing the foundation's approach to the charter, current president Bezahler noted, "We have always viewed the charter as a living document, rather than a set-in-stone blueprint; a document which allows for continued reflection on the meaning of its core components and interpretation of its stipulations through the lens of the present day."[63] When it came to the foundation's philanthropic lifespan, the charter did not explicitly articulate a preferred time horizon. Thus, the leadership—motivated by the belief that the time-limited approach would help Hazen better fulfill its mission—thought it was appropriate to apply the same flexible and open interpretation of the charter to its decision to spend down.

"We have always viewed the charter as a living document, rather than a set-in-stone blueprint, a document which allows for continued reflection on the meaning of its core components and interpretation of its stipulations through the lens of the present day."

Lori Bezahler
President

Reimagining Legacy and Approaches

Following the decision to spend down, the Hazen Foundation grappled with questions of finances, who and what to support through grants, and how to ensure deep and lasting impact. In what became, according to Bezahler, a transformational experience for all involved, the entire organization participated in a process to think deeply about how the foundation approached its work.[64] "The staff and board worked together to figure out what we wanted this institution to stand for, how we wanted it to operate, and what legacy we wanted to leave behind."[65] One focus was on changing the foundation's practices to better reflect its values. The Hazen Foundation's fresh, innovative approaches included rethinking its process for selecting grantees moving forward and questioning the conventional philanthropic assumptions around the grantee selection process, particularly focusing on reworking its grant writing and reporting requirements. This is an ongoing process with multiple steps that thus far has involved replacing written proposals with interviews and discussions to ensure alignment between the foundation and grantees. This process also has included supplementing gaps in information with videos, social media, and newsletters from the grant applicants to gain a greater appreciation of their work.

Because board members had extensive experience in progressive movements, no one questioned the chosen program areas and approaches taken. However, the conversations around impact and legacy sparked an unexpectedly strong emotional response, which revealed how difficult it was to turn out the lights on a century-old institution, even when everyone agreed on the merit of the spend-down decision. Bezahler shared, "What will happen when we go away is always top of mind for us. Hazen is a small funder, but it has become a stalwart supporter for these issues. We use our platform to engage, educate, and spur our peers into action. And the organizations we fund, particularly the smaller ones, heavily rely on our resources and our voice in the sector."[66]

The decision to spend down not only intensified the sense of responsibility and urgency inside the Hazen Foundation, it also gave added significance to its choice of approaches and courage of action. "Having an expiration date means you have to think differently about your strategic choices. It means embracing innovation, and despite everything, maintaining an appetite for risk," stressed Bezahler.[67] To crystallize the best possible process, as well as to understand the existing needs and what it would take to strengthen movements, Hazen held extensive conversations with its community of partners and sought internal and external buy-in and support. As a result, the foundation distilled and externally articulated the goals of its spend-down grantmaking: (1) to support the development of a new generation of young leaders connected to their respective communities, (2) to support organizations as structures that develop leaders and identify conditions to create change, and (3) to help build movement through the connection and alignment of organizations and individuals. Each of these goals will lead to lasting impact in the communities served throughout the U.S.[68]

The Hazen Foundation's first round of spend-down grants was made in December 2019, and totaled $5.45 million, far exceeding its previous threshold of $1 million in annual spending.[69] Around two-thirds of the foundation's first batch of core grantees had received money from Hazen in the past, 82 percent were groups led by people of color, and 77 percent operated on less than $1 million a year—exhibiting the foundation's dedication to working at the grassroots level and supporting leaders within communities directly impacted by larger movements. Within the four remaining years of grantmaking, and by awarding multi-year funding in increments larger than ever before, the Edward W. Hazen Foundation aims to spend the entirety of its assets while leaving a legacy of power and sustainability for the movement for racial justice.

Source: bUneke Magazine

Small Steps to Big Changes in Times of Crisis

The unprecedented and devastating impact of the COVID-19 pandemic on society and the nonprofit sector presented Hazen with unexpected challenges and opportunities. Like other donors, the foundation was forced to consider the multiple ways a grantmaker, particularly one spending down, can support its grantees in times of crisis and urgency. As Bezahler shared, "The first step was to reach out to all our grantees to think with them and hear what they needed. The one reminder was that our grants are general operating support and so they could use the funds however they see fit."[70] From these conversations arose a growing recognition of the need to retool the larger movement, particularly the way people can effectively work, connect, and still reach the movement's overarching and increasingly urgent goals, while overcoming the ways all facets of life were being altered by the pandemic, especially the shift to online organizing and the increasing use of communications technology.

"Having an expiration date means you have to think differently about your strategic choices. It means embracing innovation, and despite everything, maintaining an appetite for risk."

Lori Bezahler
President

One solution was startlingly simple and similar across all of the foundation's grantees. It was technology, the deficit of which was felt acutely when COVID-19 forced everyone to go into lockdown and work remotely. The foundation jumped into action and purchased Zoom video conferencing licenses for its grantees, which "was so much simpler than providing a grant and expecting them to figure out how to access the technology for themselves," Bezahler said.[71] The Zoom purchase was a game changer. Usage has been enormous and has reportedly inspired some of the Hazen Foundation's partners to extend similar support to their grantees. This seemingly small, concrete step has had multiple spillover effects by helping remove barriers and providing a way for grantees to creatively host membership meetings and facilitate staff work. As Bezahler and her team recognized, at a time when so many foundations have been reaching out to grantees and looking to help, many have inadvertently created another burden for them, so Hazen worked hard not to overwhelm its grantees. At the same time, internally, team members were buzzing with questions about how they could be useful and provide tangible support, while also questioning their role as funders and how they could operate with a sense of agility going forward.

The Power of Being Present and Flexible: Distributing Funds Earlier

According to Bezahler, "Our role in this kind of a moment is to figure out how we can best elevate our grantees' work in the finite amount of time that we have, in order to achieve as much progress as we can, while ensuring they are stable and secure."[72] Adhering to this credo, in April 2020, the Edward W. Hazen Foundation decided to fast-track $2.8 million in grants to support grantees responding to the COVID-19 pandemic in communities of color.[73] The decision was once again driven by the needs and pain points of the moment. In issuing grants earlier to provide additional resources, Hazen responded to the strain COVID-19 placed on grantees who were scrambling to support their communities by doing everything from purchasing groceries to fighting evictions. The decision also was spurred by the escalating discontent and protests among communities of color and their allies not only over historic inequities and injustices laid bare by the public health crisis, but also as a reaction to police violence against people of color exemplified by the murders of Ahmaud Arbery, George Floyd, and Breonna Taylor.

The foundation was once again rising to the occasion to support re-ignited and expanded movements demanding an end to historic, systemic injustices and structural inequities inflicted on people of color. For Hazen's grantees, this funding proved essential, as it gave them the ability to negotiate how best to generate energy and facilitate participation and allowed them to align their long-term objectives with the priorities of the current movement. It was during this time that the 10-year effort to remove police from schools in Oakland gained energy, attention, legitimacy, and eventually was approved by the board of education. This effort, that is now known as The George Floyd Resolution, was led by longtime Hazen grantee the Black Organizing Project. As Bezahler shared, "It's exciting to see what's happening, and to know that it would not have happened without the long term commitment of these organizations. This is why we aim to put every single dollar possible into the field, working to leave a legacy of sustainability and impact for our grantees, rather than for us as a foundation."[74]

Source: Alliance for Quality Education

Alliance for Quality Education

The Edward W. Hazen Foundation's decision to spend down was driven by the desire to invest deeply in the growing movements occurring throughout the United States. Funding organizations such as the Alliance for Quality Education (AQE), and supporting its fight for high-quality public education, particularly within lower-income communities of color, is allowing Hazen to truly meet the current moment.

Founded in 2000 as a community-based campaign, the Alliance for Quality Education quickly became a powerful, broad-based educational justice coalition that is mobilizing communities across New York State. AQE describes its mission as "working to end the systemic racism and economic oppression in New York's public schools that continues to shortchange generations of Black, Brown, low-income and immigrant students."[75]

Hazen and AQE: A Strong and Open Partnership to the End

The Hazen Foundation funded AQE in 2001, and following a short break, has funded it consistently for the past seven years. The grants were initially on the small side, about $20,000 to $30,000 annually, but Hazen provided additional layers of support and commitment, which made it stand out among AQE's funders. This unique support included op-eds authored by Hazen advocating for and drawing attention to AQE's areas of work and, most important, an open, communicative, dedicated, and strong relationship. As Billy Easton, AQE's former Executive Director, shared, "Hazen is different than other foundations we deal with in that the staff feels more like 'us.' They feel more like movement people. Some foundations try to be that way, but Hazen is closer to the ground and actually is that way instead of just trying to be." [76]

Hazen's approach to its work and its engagement with grantees have remained unchanged through the years, even when the foundation decided, in 2019, to spend down its assets. According to Easton, Hazen notified AQE of its intention to spend down almost a year before its final decision to do so, and Hazen spoke openly and honestly with AQE about its inability to fund everyone. The foundation also shared its plan to engage in a deeply collaborative process to decide which partners Hazen would continue funding in its final years.

This process began with Hazen assigning a new officer to spearhead the relationship with AQE and to launch an open review process one year before Hazen planned to start its spend-down journey. The review entailed speaking with AQE about its work, needs, plans, and how increased funding could help the organization reach its goals. "It didn't matter if we got the grant or not, the process made us feel heard and affirmed. It was an open process that everyone was a part of, that was fair, thorough, and just," Easton noted.[77] Hazen eventually chose AQE as one of its core grantees, and the grant amount increased from roughly $20,000 to $70,000 with a two- to three-year commitment. This was a substantial amount of money for the organization that would contribute greatly to supporting several of its key program areas well past Hazen's lifetime.

When asked what about the Hazen Foundation approach made the process so positive, Easton emphasized open communication. "Giving its grantees enough time to think about and look at the options of what we will do without the foundation's funding was such an instrumental step, and, of course, having an incredibly diligent and engaged program officer supporting grantees throughout the process."[78] Hazen showed that it can be effective and powerful to be open and to relinquish the reins of control even before there is a concrete spend-down plan.

Source: Alliance for Quality Education

Source: Ford Foundation

Ford Foundation

Location: United States
Founded in: 1936
Number of staff: 427
Endowment: $12 billion
Grantmaking Budget: $500 million

The Ford Foundation has been a leading champion of social justice since the late 1960s. It has funded systems change in civil rights, poverty reduction, education, criminal justice and equity, and the arts, among other areas. A principled and resolute adherent to the in-perpetuity model of philanthropy, the Ford Foundation has maintained a long-term presence in and support of the social justice field and affected communities, particularly those excluded from the "political, economic, and social institutions that shape their lives."[79]

The foundation has continuously worked to widen its view of social justice, as well as to develop fresh and innovative approaches to more effectively respond to the field's pressing issues and evolving trends, norms, and demands. This notably includes Ford's recent, unprecedented decision to issue social bonds to significantly increase grantmaking without depleting the in-perpetuity endowment and to provide more substantial, flexible, and rapid support to grantees and partners. This move was prompted by the swell of need created by the twin pandemics of 2020: COVID-19 and historic institutional racism. The Ford Foundation's revolutionary approach pushed traditional philanthropy to support change with an urgency proportional to the crisis. And it rallied other leading funders, such as W.K. Kellogg Foundation, John D. and Catherine T. MacArthur Foundation, and the Andrew W. Mellon Foundation, to do the same in order to achieve transformative impact through a collective response.

Background

In 1936, Henry Ford, the founder of Ford Motor Company, and his son, Edsel Ford, established the Ford Foundation in Detroit with $25,000. In the 1940s, following the deaths of Henry and Edsel, their significant bequests secured the Ford Foundation's future as one of the largest philanthropies in the world.[80] After Edsel's son, Henry Ford II, took the helm of the Ford Foundation as President in 1943, and later as Board Chair, the foundation went from funding public welfare in Detroit to internationally funding the "advancement of human welfare through reducing poverty and promoting democratic values, peace, and educational opportunity."[81]

In 1966, when McGeorge Bundy, a former national security advisor to Presidents John F. Kennedy and Lyndon B. Johnson, became the Ford Foundation's President, the organization sought to support civil rights, voting rights, urban redevelopment, minority fellowships, and more.[82] The influence of this work is thought to have led to the passage of the Tax Reform Act of 1969, which included a requirement for private foundations to pay out a minimum of assets annually, commonly known as the "5 percent rule."[83] The legacy of this social justice investment has carried the Ford Foundation across eight decades of groundbreaking activity and support for underserved communities.

> **"This approach is emblematic of the kind of social justice grantmaking we do, where the problems we work on are never really finished because many systemic issues are cyclical in nature."**
>
> **Hilary Pennington**
> Executive Vice President

Project Wanda: Responding to the Urgency of Now, Preserving the Ability to Support In Perpetuity

The year 2020 ushered in several monumental challenges to society. While the global pandemic caused a public health crisis and a severe economic downturn, the swell of awareness around the killing of unarmed Black men and women across the United States altered public consciousness, and spurred protests and demands for racial justice and equity around the world. With people taking to the streets, hospitals overloaded, jobs lost, and hundreds of thousands taken by a brutal virus, foundations worldwide sought strategic, innovative, and meaningful ways to provide support.

In response to the profound social ramifications of the concurrent crises, the Ford Foundation's President, Darren Walker, wanted to pioneer a way of doing something big, of "problem solving for a different era," to address the diverse needs from multiple directions.[84] This aligned with the foundation's commitment to leverage its sizable in-perpetuity endowment and long-established presence to provide strategic support to social justice organizations, while also experimenting with innovative philanthropic approaches to maximize impact and deliver broader change, often in collaboration with other funders.

That pursuit led to the creation of Project Wanda. The idea was to issue a social impact bond, a first for a US-based foundation, by borrowing against Ford's own endowment and issuing debt to offer $1 billion in grantmaking resources over a two-year period. This move was called "radical"[85] and seen as "upending traditional models of philanthropic giving."[86] According to Hilary Pennington, Ford's Executive Vice President of Programs, the idea "initially seemed outlandish but eventually not only became absolutely possible but even inspired others to take similar actions, all thanks to the imagination, energy, and connections of Darren Walker."[87] On May 22, 2020, the Ford Foundation's board unanimously approved Project Wanda, and the offering went public on June 23.

The social bond provides a one-time allocation of $1 billion over two years to support organizations working on social justice and inequality, as well as funding under-resourced regions globally.[88] This model breaks with conventional in-perpetuity foundations, which are often reluctant to spend big in a crisis and prioritize protecting the lifetime of endowments. Notably, the Ford Foundation has made the intentional, unequivocal choice to stay in perpetuity, but it still seeks to have an outsized impact in a shorter period of time. As Pennington shared, "this approach is emblematic of the kind of social justice grantmaking we do, where the problems we work on are never really finished because many systemic issues are cyclical in nature, whether it's women's rights, reproductive rights, or civil rights. So, in perpetuity matters, and our hope is that our long years of experience will influence others in any given moment."[89] In a survey of foundation leaders in July 2020, the Council of Foundations reported that 14 other organizations stated that they turned to creative debt financing approaches, including issuing social bonds as well.[90]

Source: Ford Foundation

To guide its efforts, the foundation put in place stipulations such as not adding any new staff and not expanding its issue areas. Instead, it doubled down on its core themes to "give our grantees the confidence that they could be the first movers in a time like this and they didn't need to worry about cutting staff and reducing budgets," Pennington said.[91] The foundation's staff discussed the optimal size of grants to achieve stability but not dependence, who to fund, and how to measure the effort's success. Staff at all levels of the organization—program associates, grant managers, program officers, directors, and the grants compliance team—worked together to figure out the parameters of the project and how to implement it. According to Pennington, this inclusive approach to planning allowed for better implementation as it created collective buy-in and an atmosphere of trust. As of October 2020, more than a third of the bond had been issued, and every benchmark had been met, all within four months.

> **"This has caused us to have a lot of conversations about our principles, beliefs, and how change happens. When you look to our history, it becomes clear how we've been able to adapt through different eras from 50-60 years ago."**
>
> **Hilary Pennington**
> Executive Vice President

A Role Model of Innovative In-Perpetuity Philanthropy: Spending Up, Not Down, to Advance Long-Term Systems Change

The Ford Foundation's principled approach to in perpetuity, paired with an intentional mission to maximize its impact and resources to achieve meaningful change, underline the foundation's thoughtful and strategic methods to its time-horizon model. According to Ford, accelerating spending is key to achieving long-term social change, especially in times of crisis.[92] The Ford Foundation already pays above the required 5 percent payout, and as Pennington stated, "the Ford Foundation's Board sets our spending policy and we typically spend more than the 5 percent minimum requirement, even when you don't take the social bond into account"[93] This strategic flexibility with spending and time allows the Ford Foundation to contribute to transformative, systemic impact.

This commitment has necessitated frequent long- and short-term planning meetings with the foundation's board. The Ford Foundation operates on 10-year strategic plans with a review-and-refresh discussion around the four-year mark. It also holds regular conversations about societal change, the foundation's role, and its intended impact. “We’ve been accused of being in too many program areas and too many places in the world, and we’ve personally questioned if we are spread too thin to have the kind of impact we seek, even with our relatively rich resources,” Pennington shared. “So this has caused us to have a lot of conversations about our principles, beliefs, and how change happens. When you look to our history, it becomes clear how we’ve been able to adapt through different eras from 50-60 years ago, in places like Egypt and China, and how the foundation has become a kind of home base for people that are trying to make their society better generationally.” Embracing new funding models, such as social bonds and Project Wanda exemplify philanthropic approaches that allow an in-perpetuity funder to embrace innovation, as well as increase its responsiveness and agility.

Source: Ford Foundation


Source: The Queen Elizabeth Diamond Jubilee Trust

The Queen Elizabeth Diamond Jubilee Trust

Location: United Kingdom
Founded in: 2012
Closure date: 2020
Endowment: £100 million

By the time it ended its charitable activities in January 2020, The Queen Elizabeth Diamond Jubilee Trust had proven the importance of taking a thoughtful, strategic approach to time-limited philanthropy. Throughout its giving, the Trust engaged in robust planning and maintained an almost scientific focus—setting an example it hopes others will follow. According to Astrid Bonfield, the Trust's Chief Executive, "If you are going to achieve something tangible in a short time, you have to be forensically focused and keep in mind that every pound that walks out of the door is not coming back. You have to use the limited funding you have to be a catalyst and push impact."[94]

Background

In 2012, the Commonwealth's Heads of Government established The Queen Elizabeth Diamond Jubilee Trust in honor of the 60th anniversary of Queen Elizabeth II's service to the citizens of the Commonwealth. The five-year, time-limited Trust aimed to enrich the lives of citizens of all backgrounds across the Commonwealth and to leave a lasting legacy.

As seed funding, the U.K. government pledged a £50 million matching grant that required the Trust to raise an equal amount. The U.K. charity's had a high level Board of Trustees and a network of Country Representatives throughout the Commonwealth. The Queen Elizabeth Diamond Jubilee Trust set out to be a collaborative, credible, and catalytic player. But it first had to hire a leader capable of helping the trust identify and articulate its objectives, and of overseeing impactful work throughout its limited lifetime.

In June 2012, the Trust appointed Bonfield as its Chief Executive. Bonfield leveraged her extensive experience to spearhead a nearly two-year strategic planning process. That plan adjusted the Trust's lifespan from five to seven years to allow for more time to hire staff, fundraise, develop an operating plan, design programs, and formulate an exit strategy. As Bonfield shared, "You can have significant impact in a period of five years, but you need a little longer to make sustainable systems change."[95]

Strategy and Planning

In its early years, the Trust hired 12 staff members and reached its funding goal of £100 million. As part of its strategic objective to shift systems throughout the Commonwealth, the Trust looked for a cause that could have wide appeal and clearly demonstrable results within a short time period and also could be sustainable long after the Trust's exit. After conducting exhaustive research and gathering expert input, the Trust identified avoidable blindness as its focus area, which eventually included blinding trachoma, diabetic retinopathy, and retinopathy of prematurity, as well as research and technology to address avoidable blindness. Supporting youth leadership became another clear priority for the Trust.

"With consideration of international development indicators, one billion people in the world can't see but could if they had their condition treated. This became our cause," Bonfield said.[96]

With an approved treatment strategy already endorsed by the World Health Organization to address blinding trachoma, an agreement by Pfizer Inc. to provide medicine, and a number of non-governmental organizations and a number of non-governmental organizations, including the International Coalition for Trachoma Control (ICTC) ready to deliver the work, all the conditions were in place for the Trust to use its resources and time-limited scope to invest heavily in the elimination of blinding trachoma and other preventable and treatable causes of blindness.[97] The Queen Elizabeth Diamond Jubilee Trust would become a bridge to connect all these players and catalyze change.

Next, the Trust had to determine how best to work across the Commonwealth and how to devise its eventual exit strategy.

"If you are going to achieve something tangible in a short time, you have to be forensically focused and keep in mind that every pound that walks out of the door is not coming back. You have to use the limited funding you have to be a catalyst and push impact."

Astrid Bonfield
Chief Executive

Given the Trust's ultimate goals of systems change and sustainability, collaborations and partnerships would prove essential to the delivery of initiatives. As Bonfield explained, "We didn't want to do vertical programming, we wanted to work in systems."[98] To that end, the Trust needed to build close relationships with governments and other key stakeholders that could help seize opportunities and overcome any local challenges. By accessing the skills, knowledge, and expertise at both national and local levels, the Trust could identify and mitigate risks and circumvent barriers. And to track the progress of each initiative, the Trust decided to conduct regular, independent reviews.

From the start, the Trust increased awareness of its core issues and promoted high-level political action—all with the goal of long-term sustainability. As Bonfield shared, the organization always kept one question in mind: "When we exit, who is going to continue the work?"[99]

Sensitive to countries' individual contexts, the Trust not only supported government strategies, but also plugged into national health systems to ensure sustainability of any initiative or policy implemented locally. For example, the Trust supported the integration of governmental eye care for people with diabetes the health systems of the Caribbean, India, and Pakistan. Especially because the United Nations' Sustainable Development Goals did not include eye health, the Trust sought to create coalitions that would lobby the Commonwealth's Heads of Government to make a commitment to eye health. Now, these countries have agreed to advance eye health.[100]

The Trust could not have achieved such results in its limited timeframe if it had not carefully designed an operating plan that dictated the importance of partnerships and advocacy and the steps required to scale initiatives at the national and global levels—before any action was taken. As Bonfield shared, "We put so much energy into the front end, especially around how we built trust and relationships with other actors in our field."[101]

This level of partnership and integration has helped ensure sustainability in the Trust's fields of work. Importantly, the Trust has raised millions of pounds in additional funding to help other organizations continue the cause of addressing eye health–related diseases.


Source: The Queen Elizabeth Diamond Jubilee Trust

Results and Exiting

For a foundation, an advantage of having a limited life is the ability to focus intently on the issues at hand in order to create large-scale impact. That's been demonstrated by The Queen Elizabeth Diamond Jubilee Trust. It helped expand the global movement to end avoidable blindness, supported the eye healthcare sector at scale, and helped combat three major avoidable causes of blindness throughout the Commonwealth. For example, three years ago, eight million Malawians were at risk for going blind from trachoma.[102] Today, in part thanks to the Trust's work, that number has fallen to zero.

"The Trust's grantmaking has been about keeping feet to the fire on results. We don't care about limitations, we just want to achieve results," Bonfield said.[103] "We have to be absolutely driven by the good we're doing in the world. If we're not doing good, we shouldn't exist. And that's the way to think about it."[104]

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Even as the Trust prepared to exit, it continued to thrive because of its "relentless drive and relentless focus," said Bonfield.[105] In every moment the Trust existed, it worked to maximize its impact. It was able to do that because of the exit plan formulated in the Trust's first couple of years. Starting one year from the closing date, the exit plan detailed specifics around financial statements, grantmaking, and the coalition that would exist after the Trust closed. The Trust also established several teams, including closure and audit committees, to help ensure a seamless conclusion.

"People think there will be less to do as you exit, but it's the reverse," Bonfield said. "It ramps up and up until you turn out the lights."[106]

Lessons Learned

Over its seven-year journey, the Trust learned a number of lessons, particularly around the mindset required for a philanthropic organization to maximize its impact effectively and efficiently—whether it's a spend-down philanthropy or one that exists in perpetuity. "I think we could have had this impact in perpetuity," Bonfield shared. "But the difference with limited life is there's no going back."[107] There's no luxury of imagining what the organization could have done or might have become—there's only what it does in the time it has. With limited funds and limited time, “we can’t think, ‘I wish we would have been bolder,’” Bonfield said.[108] “Foundations can’t afford to be iterative or tentative. It’s a discipline we hold to the recipients of our money, but as the foundation sector, we don’t often hold ourselves to the same level of accountability.”[109]

For in-perpetuity organizations seeking a similar level of impact, Bonfield offered this advice: “Be really tough on yourself, reflect on if you’re driven by making a sustained impact on the ground, and if you’re brave enough to take on the risk associated with doing so.”[110] And keep in mind, she said, “this is the most privileged position to be in.”[111]


Source: The Queen Elizabeth Diamond Jubilee Trust

Source: Ralph C. Wilson. Jr. Foundation

Ralph C. Wilson, Jr. Foundation

Location: United States
Founded in: 2015
Closure date: 2035
Endowment: $1.2 billion

The Ralph C. Wilson, Jr. Foundation came on the scene in 2015, with a purpose and plan for unprecedented impact. Guided by its namesake founder's mandate to spend down the combined assets of his estate and profits from the sale of his beloved football team, the Buffalo Bills, the foundation has a $1.2 billion endowment and 20 years to deliver on its mission. The Ralph C. Wilson, Jr. Foundation hopes to become a spend-down trailblazer, paving the way for future time-limited donors with its strategic approach and vision.

Background

Ralph C. Wilson, Jr., a well-known businessman, always had a passion for philanthropy. He gave generously in two regions that held special significance for him: Detroit, Michigan, his birthplace, and Buffalo, New York, his adopted home. Wilson founded the Buffalo Bills Youth Foundation and the Ralph Wilson Medical Research Foundation. The 2008 economic crisis, however, drove Wilson to focus on making what he called a "more tangible, immediate impact on people's lives."[112] By 2011, he established the Ralph C. Wilson, Jr. Foundation, the primary beneficiary of his trust. Wilson appointed four "life trustees," as he called them, to build the foundation's structure and develop its strategy, mission, and programming.[113] Notably, he did not tell his trustees how or where to spend down the $1.2 billion endowment, only specifying that the spend down should occur by the 20-year mark.

His life trustees are the people who knew him best: his wife, Mary McLean Wilson; his niece, Mary Owen; a long-time friend and colleague, Jeff Littmann; and his long-time attorney, Eugene Driker.[114] Wishing for his foundation to be guided by his values and purpose, and seeking to be involved in setting the course of its giving, Wilson did not want his philanthropic entity to exist in perpetuity or to be managed and controlled by people he didn't know. Further, in his long lifetime, Wilson had seen a lot of intangible and diffuse philanthropic efforts, so he wanted to ensure the foundation would stay focused, agile, and impact driven, reflecting the places, communities, and issues he supported and deeply cared about. As trustee Driker shared, "He thought it would be wise to have as prompt and as big an impact as possible, versus having this go on for hundreds of years."[115]

Finding Its Footing and Charting the Course: The Early Years

Wilson passed in 2014, at the age of 95. Owen, a trustee and Wilson's niece, had worked with him on his charitable gifts for years and knew his philanthropic relationships, interests, and commitments. A year after Wilson's death, Owen used this knowledge to singlehandedly set up the foundation's first set of "transitional legacy grants," which went to historical recipients of Wilson's charitable gifts. The Ralph C. Wilson, Jr. Foundation started operations on January 8, 2015, with $60 million in grants committed to these legacy organizations by the end of 2015. The grants aimed to create a significant number of endowments for priority grantees. For example, an initial $5 million gift to the Community Foundation for Southeast Michigan established three permanent endowments to support organizations focused on cancer care and youth sports, among other areas.

"Given the foundation's sizable endowment and short timeframe, there's potential to do more harm than good, especially if the focus doesn't remain on having a lasting impact from the onset."

David Egner
President and CEO

At the beginning of 2016, a year after the Ralph C. Wilson, Jr. Foundation commenced operations, the trustees brought on President and CEO David Egner to provide oversight and to ensure the foundation retains its strategic trajectory, impact, and focus, while honoring Wilson's intent by developing a clear plan for spending down within 20 years. Egner approached his new assignment thoughtfully and methodically. As he said, "we didn't want to start grantmaking without an understanding of what was out there, so we moved slowly and opportunistically, until we developed a strategy."[116] In early 2016, the foundation added three more trustees to the board and within a year, hired 17 staff members, helping the foundation execute its mission swiftly and effectively.

Wilson was outcomes-focused, and that, along with innovation and collaboration, became a core value of the foundation.[117] These were ambitious aspirations for a foundation with only two decades to make a lasting impact within two complex communities spanning around 16 counties. As Egner shared, "Given the foundation's sizable endowment and short timeframe, there's potential to do more harm than good, especially if the focus doesn't remain on having a lasting impact from the onset."[118]

Thus, a major part of the foundation's early work involved a series of conversations and what Egner called "scans" of the field, in addition to surveys often conducted in partnership with multiple funders and partners.[119] The aim was to gain a deeper understanding of key issues, and identify potential solutions as quickly as possible, based on community-rooted data and perspectives. This process was driven by the foundation's finite timeline for identifying priority areas, developing a strategy, and giving grants that will have not only an immediate impact but one that will last far beyond the foundation's lifetime.

Through this discovery exercise, and in consultation with the trustees, the foundation identified four focus areas: (1) Active Lifestyles, supporting access to safe public spaces and programs to encourage physical activity and movement; (2) Preparing for Success, providing youth with the critical-thinking skills and adults with pathways to good paying careers; (3) Caregivers, elevating the value of caregivers of aging adults and providing them with needed resources; and (4) Entrepreneurship and Economic Development, spurring small-business growth, as well as place-based community and economic development.

Each focus area connects deeply to the two geographic priority areas. For example, the Active Lifestyles program area provides support to youth sports and recreation, while also funding parks, trails, and green design. As part of this, in October 2017, on what would have been Wilson's 100th birthday, the foundation launched a $200 million Parks & Trails Initiative,

Source: Ralph C. Wilson. Jr. Foundation

devoting $100 million each to Detroit and Buffalo for the design, development, construction, and maintenance of two Ralph C. Wilson, Jr. Centennial Parks and a connected regional trail system.

Clarity of Vision, Strategy, and Operations: The Key Ingredients of a Successful Spend-Down

Strategic and Tactical Roadmap

In its early years, the Ralph C. Wilson, Jr. Foundation continued to develop its strategy and focus. Three years after its launch and opportunistic grantmaking within its interest areas, the foundation crystallized a strategic and tactical roadmap that embraced four unique stages of the foundation's limited life that would define its work from its early stages to closing:[120]

- Phase 1: Piloting and Experimentation
- Phase 2: Refining and Scaling Successful Programs
- Phase 3: Building Policy and Reinforcing Capacity
- Phase 4: Exiting and Ensuring Legacy

"The exit and legacy is about creating positive impact and gracefully walking away while making sure our work continues after our exit."

David Egner
President and CEO

Each phase involves a set of conditions and benchmarks for grantees and staff. For example, in the first (and current) phase, the foundation's activities resemble traditional grantmaking. As the foundation moves into the second, scaling phase, it will double down on its work with cohorts and grantees, which might include exiting relationships with some grantees and partners. The third and fourth phases will ensure the continuity and longevity of the foundation's investments for years to come and solidify its meaningful legacy. To help with that, the foundation has built an evolving Theory of Investment (TOI) in each programmatic area, ensuring programming adjustments as the foundation ages that will lead to positive impact for future generations. As Egner said, "The exit and legacy is about creating positive impact and gracefully walking away while making sure our work continues after our exit."[121]

Staffing and Skillsets

Hiring a small and efficient team with unique backgrounds was critical to this process. Of its 21 employees, only three, VP Programs Amber Slichta, VP Administration and Finance Norah O'Brien, and

Egner, have had a long career in grantmaking. The other employees all bring distinctive experiences and values to the foundation, such as policy expertise, networks, or knowledge of the programmatic focus areas. According to Egner, this staffing approach was intentional; it helped build a culture centered on the foundation's core values, and it leveraged fresh, enthusiastic, and open perspectives to forge something new and unencumbered by previous philanthropic experience.[122]

Given its volume of work, the foundation also relies on consultants, who either supplement its existing expertise or are endowed employees embedded at grantee organizations. The foundation views this as another way of promoting grantee sustainability long after it ceases to exist. For example, as part of its caregiver strategy, the Ralph C. Wilson, Jr. Foundation has embedded program officers focused on caregivers at both the Michigan Health Endowment Fund and the Health Foundation for Western & Central New York.

Financial Management

Each phase of the foundation's strategy is underpinned by robust and effective financial management. To maximize its remaining time in operation and maintain its focus on impact, the foundation has worked with J.P. Morgan to develop a liquidity and asset tracking tool that allows the foundation to manage expenses without actively monitoring market conditions affecting its endowment. The tool automatically adjusts the foundation's budget over time, thus allowing the organization to focus more of its energy on its programs as it moves deeper into the spend-down process. The foundation has already begun to share the tool with other philanthropists to promote more seamless and less time-consuming financial management, which can prove particularly useful for time-limited philanthropies.

An Eye on the Eventual Horizon

Although the Ralph C. Wilson, Jr. Foundation is 14 years away from its declared end date of January 8, 2035, the focus on legacy, as well as immediate but sustained impact, is always at the forefront of its vision and work. So it is not surprising the foundation spent 19 months


Source: Ralph C. Wilson, Jr. Foundation

building an evaluation system to help advance this focus. This evolving system helps track metrics and activities in each programmatic area, and "it's fortuitous that it was developed while we are deep into our piloting phase, because we can use it to help determine what to bet on when we reach the scaling phases," according to Egner.[123]

Beyond the internal evaluation system, knowledge and learning are critical to the foundation. To that end, it supported the creation of a cohort of time-limited foundations at the Dorothy A. Johnson Center on Philanthropy at Grand Valley State University, so that peers can share their knowledge and experience at various stages of their spend-down journey. At the same time, the Johnson Center is chronicling the foundation's story, activities, and impact.

In its first six years of existence, the Ralph C. Wilson, Jr. Foundation has funded crucial initiatives in its focus geographies, including supporting nonprofits, funding parks, and launching a $20 million partnership to benefit caregivers through the Transformational Healthcare Readiness through Innovative Vocational Education (THRIVE) program.[124] But its impact and achievements extend beyond its programmatic areas. The foundation is contributing to the positive transformation of the philanthropic sector by paving the way for other foundations looking for fresh and innovative approaches to time-limited philanthropy.

Source: Ralph C. Wilson. Jr. Foundation

S. D. Bechtel, Jr. Foundation

Location: United States
Founded in: 1957
Closure date: 2020
Endowment: $1.2 billion

Set to close its doors at the end of 2020, the S. D. Bechtel, Jr. Foundation has become a widely recognized practitioner and thought leader in spend-down philanthropy. The foundation has made a commitment to share its spend-down experience with other foundations considering or implementing the approach.

Background

Driven by a vision of a prosperous California, Stephen D. Bechtel, Jr., retired Chairman and CEO of the global engineering and construction company Bechtel Corporation, created the S. D. Bechtel, Jr. Foundation in 1957. Starting small with a local focus on Northern California, the foundation's early grants supported schools, hospitals, museums, science centers, and community organizations for several decades. Over time, the foundation increasingly focused its investments on science, technology, engineering and math (STEM) education, and the environment. Steadily and sizably growing over the years, in its final decade, the scale of resources available made it possible to expand the foundation's focus beyond California, to include regional efforts and one major national initiative—the National Character Initiative. The S. D. Bechtel, Jr. Foundation made several landmark contributions over its lifetime, including launching the Water Foundation and supporting the implementation of Common Core standards for math and Next Generation Science Standards in school districts across California.

Deciding to Spend Down

The financial crisis of 2008 dramatically reduced the foundation's endowment, from $255 million to $182 million. This, along with the realization that the many growing challenges required large, concentrated resources to fund innovative solutions, sparked a deliberate conversation about spending down the entirety of the foundation's assets. Over the course of three meetings that year, the board discussed the possibility of spending down and considered several questions:[125]

- Would the foundation stay relevant to future generations if it were to exist in perpetuity?
- Would the foundation, over time, drift from its original purpose, particularly after Mr. Bechtel stepped away from the organization?
- Could significant investments in the near term deliver greater impact than smaller investments spread over a longer time horizon?
- How would the foundation's grantmaking strategy need to evolve if it decided to spend down?

In a letter to the board, Mr. Bechtel outlined his perspective on spending down, the continued commitment to addressing several large issues, and concerns around maintaining his initial intent throughout the foundation's existence.[126] He also cited next-generation concerns; with all his children and grandchildren spearheading their own charitable foundations, he preferred they pursue their own interests rather than implement his.[127] He wanted to focus on the highest-priority needs of the present and encourage future generations to determine the greatest needs of their time.

"Pay close attention to your people... What supports them, motivates them, and keeps them engaged? And make it worth their while to stay with you and do the work."

Barbara Kibbe
Director

In late 2008, at the final board meeting of the year, Mr. Bechtel shared more explicit ideas about how the spend-down would progress. These entailed limiting the focus to four areas: 1) adapting California's water system to climate change challenges and population growth; 2) kindergarten through sixth- or eighth-grade math and science education; 3) general character-building through youth-serving organizations; and 4) advancing engineering and science professions, including early educational preparation from kindergarten through sixth grade. He envisioned a shift in the foundation's grantmaking strategy to making fewer but larger, focused grants, while reserving some funds for special projects of personal interest and concern to the family and the board.

In February 2009, the board unanimously decided to spend down within eight years. The decision was predicated on several factors, including the belief that timely, large-scale action was needed to create solutions for education and the environment in California, as well as a preference for decision-making to be exercised by current foundation leaders. Other driving factors included a lack of clarity around who would lead the foundation following President and CEO Lauren B. Dachs's retirement, the 2008 financial crisis, and the limitations of a perpetual endowment with a 5 percent annual spending policy. The foundation's leadership was also motivated by the escalation of social needs, as well as a decline in private giving to nonprofits. For the S. D. Bechtel, Jr. Foundation, the final decision was shaped by the confluence of its history, donor intent, grantmaking strategy, and operational concerns, as well as the context of the time.

Spending Down: Reevaluation and Reset

Even the best-laid plans—with a defined timeline, clear focus areas, strong motivation, and leadership support—can go awry. Although the board initially chose an eight-year spend-down window, within one year the foundation realized it would need more time. This was due to a realization that the magnitude of the task at hand required a longer spending timeline, especially because Mr. Bechtel kept making large gifts to the foundation.

At the same time, the foundation's small 10-person staff was overstretched handling multiple program areas and making a large number of small grants. In response, the foundation added staff and explored new strategies. It took stock of its 600 grantees and began to work with fewer organizations more closely. It awarded multi-year final grants to direct-service organizations and began shifting focus to systems change, which included some experimentation with funding and building capacity at the field level.

In 2011, the decision was made to extend the S. D. Bechtel, Jr. Foundation's closing date to 2020. It was hoped that a longer runway would provide greater opportunity for effecting change and greater likelihood that change could be sustained after the foundation's last dollar was spent.

Strategy and Preparing for the End

Throughout 2011 and 2012, the S. D. Bechtel, Jr. Foundation pursued a strategy-refresh process, starting with taking stock of its operations, developing a new organizational


Source: S. D. Bechtel, Jr. Foundation

structure, and building larger teams to provide long-term support in two core areas: STEM education and the environment. “These areas represented lifelong interests of Stephen D. Bechtel, Jr., and the decision to go forward with these priorities was built on knowledge and networks that staff had developed across years of grantmaking.”[128]

In 2013, the foundation hired Barbara Kibbe as Director of Effectiveness, leveraging her deep grantmaking expertise in order to: (1) support program teams in their work; (2) help ensure the foundation’s grantees are capable, resilient, and continue to achieve results after the foundation’s end of operations; and (3) generate and share knowledge about effective philanthropy generally and spending-down specifically. This role was key in gathering lessons learned and questions for consideration, managing spend-down communications, and helping program teams articulate their initiatives to the field and the public.

In 2013, the foundation completed its final strategy refresh, moving from more than 20 lines of work to eight. As a result, it decided to focus on model building, organization and field building, and policy and advocacy work statewide. It also wound down support of local direct-service programs in education, youth development, and environmental education. Additional changes to the strategy included:[129]

- Launching a select number of multimillion-dollar, multi-year, multi-grantee initiatives.
- Developing one major national initiative focused on character development—the National Character Initiative.
- Working at scalable systems change and employing approaches to improve policy, strengthen fields, partner with other funders, and boost the capacity of vital agencies.

In the years following the strategy refresh, the foundation made changes in how it was organized, hiring staff and more tightly focusing grantmaking on systems change. During this period, annual grants and contract payments increased to more than $100 million per year, and many programmatic milestones were achieved.

Investments

A growth in financial resources was a core aspect of the S. D. Bechtel, Jr. Foundation’s strategy reevaluation. Financial resources more than doubled between 2008 and 2013, due to the market recovery and additional contributions from Mr. Bechtel. This increase in the endowment gave foundation staff even more resources to reach their goal of sparking systems-level change.

The foundation’s investment strategy shifted throughout different phases of the spend-down journey. At the outset, the primary objective was protecting the principal value of the total portfolio, and the secondary objective was attaining a total real (inflation-adjusted) return that was at least positive in “normal” market conditions. In 2012-2014, funds were moved into large cap and international equity, and starting in mid-2015, the portfolio was de-risked, with equities liquidated and weighted toward fixed income and cash.[130]

Staff

The foundation's staff was about 10 employees in 2008. Once the foundation ramped up its efforts, staff grew to 24 by 2013, with new arrivals knowing employment would be time-limited. At its peak, the staff numbered 37. There was some turnover as the work shifted from direct service to systems change and eventually knowledge building. Each phase of work required a shift in focus.

To prepare staff for the foundation's sunset in 2020, they were provided with ample professional opportunities and benefits during the spend-down process. A human resources director was hired in 2016 to develop and implement a strong retention plan. Over time, the foundation offered increasing flexibility and professional development opportunities, including part-time work, secondments allowing people to work in new areas, career development training, coaching, and a cushion payment at the end of employment. "Pay close attention to your people," stressed Kibbe.[131] "What supports them, motivates them, and keeps them engaged? And make it worth their while to stay with you and do the work."[132]

"What makes a grantee resilient? It is an optimistic leader with a vision of hope, one who is transparent about challenges faced. A leader who is future focused, anticipates potential disruptions, and has a basic culture grounded in trust and inclusivity."

Barbara Kibbe
Director

Grantees

As the foundation was spending down, its grantee strategy was focused on supporting "resilient groups." In discussion with grantees, the team developed a resilience checklist to help them face a changing environment. As Kibbe noted, "What makes a grantee resilient? It is an optimistic leader with a vision of hope, one who is transparent about challenges faced. A leader who is future focused, anticipates potential disruptions, and has a basic culture grounded in trust and inclusivity."[133] Such resilient grantees were offered partnership and support beyond grants. This level of focus was made possible when the number of grantees was reduced from more than 400 to just over 100.

The Final Years

Urgency to Act

The S. D. Bechtel, Jr. Foundation's spend-down process has been continuously driven by at least three pressing concerns:

- The issues it aimed to solve.
- The realization that all the money should be spent.
- The preparation of the grantees and the fields supported for the foundation's departure.

The final years were marked by a sense of urgency and a desire to seize all possible windows of opportunity in the time remaining.

One of the more significant examples of this push involved California's water crisis. The S. D. Bechtel, Jr. Foundation saw the 2011-15 drought in California as an opportunity to double down and get more involved in one of two core areas of its environment program: water. Since the foundation was in spend-down mode, it had the latitude to take a big risk and put significant resources toward this one issue. As a result, the foundation began to focus more on research, public policy, and partnership-building to promote systems-wide change to the state's water infrastructure. The foundation's funds helped lead to the Sustainable Groundwater Management Act of 2014, legislation based on the extensive work of multiple grantees like the Water Foundation, The Nature Conservancy, and Stanford University. The foundation's support also ensured the sustainability of the Water Foundation, a field leader.

Leveraging Staff

During the final phase, as activities have continued to ramp up, a number of the foundation's teams have been tasked with ensuring the spend-down process goes smoothly and no details slip through the cracks. The foundation's "windup team" tracks operational changes and transitions, while a communications team tracks and coordinates knowledge sharing efforts. There is also a transition team comprising human resources specialists, a grants management team responsible for organizing and archiving grants data, and an investment team that ensures funding will be available for expenses that might come up after closing.

Building Knowledge

With an eye to the future, the S. D. Bechtel, Jr. Foundation decided to forge a partnership with the National Center for Family Philanthropy to ensure its experience, lessons learned, and knowledge products have a home and are available to a wide range of family philanthropies. The foundation is also making its body of resources available through IssueLab by Candid. The foundation's body of work, knowledge, and resources are seen as its true legacy, which its leadership hopes will advance the field and practice of spend-down philanthropy, and allow donors to stand on the shoulders of its experience to chart their own strategic course.


Source: S. D. Bechtel, Jr. Foundation

Surdna Foundation

Location: New York, U.S.
Founded in: 1917
Closure date: In perpetuity
Number of staff: 27 full-time staff
Endowment: $1.1 billion
Grantmaking budget: over $40 million

More than a century ago, John Emory Andrus founded the Surdna Foundation. For over five generations, the foundation has been largely governed by Andrus' descendants, developing a tradition of innovative service for those in help or need of opportunity. Over the years, Surdna's focus has evolved with each generation to its current mission—"Fostering sustainable communities in the United States—communities guided by principles of social justice and distinguished by healthy environments, inclusive economies, and thriving cultures."[134] Through these efforts, the foundation has emerged as a model of how to be nimble[135] while remaining a resolute in-perpetuity family foundation funding meaningful systems change in the United States across generations.

Background

John Andrus was born as the son of a Methodist minister and a homemaker in Pleasantville, New York, in 1841. Andrus held many careers throughout his life. He founded Arlington Chemical Company in 1891, was a successful investor, became mayor of the city of Yonkers, New York in 1903, served as a New York congressman from 1904 to 1913, and eventually committed his time to philanthropic pursuits.

In 1917, Andrus dedicated 45 percent of his estate to establish a family foundation, the Surdna Foundation, to support "religious, charitable, scientific, educational, and eleemosynary purposes or any one or more of such purposes," as outlined in its founding charter.[136] The foundation, whose name spells "Andrus" backwards, was guided by the founder's values of thrift, practicality, modesty, loyalty, excellence, and an appreciation for direct service to those in need. These were core to the man known as "the multimillionaire straphanger" for riding the subway to work every day, even while serving as mayor of Yonkers, a municipality that borders New York City to the north.[137]

Surdna's early grantmaking included the Julia Dyckman Andrus Memorial, an orphanage founded in 1923 as a tribute to his late wife Julia, who was orphaned as a child. Today, the organization, known as the Andrus Children's Center, offers mental health, social services, and special education programs for vulnerable children and families.[138] Over the years, the Andrus family has spurred many other philanthropic pursuits, including Andrus on Hudson, a skilled nursing and short-term rehabilitation facility for older people established in 1953, and the Helen Andrus Benedict Foundation, established in 1997, to support the elderly in Westchester County, New York. In 2000, Surdna's board established the Andrus Family Fund and the Andrus Family Philanthropy Program to engage younger family members in philanthropy and public service.

After Andrus passed in 1934, his nine children sought to keep his legacy alive through the stewardship of the foundation. As of 2020, there were roughly 500 Andrus descendants, including spouses, extending into the family's seventh generation.[139]

Over the past 104 years, the Surdna Foundation has funded a range of important initiatives. Having distributed $230 million in grants for education and medicine by 1971, the foundation broadened its focus in the 1990s to include the environment and community revitalization. In 2008, in an effort to create greater strategic alignment between its work and its guiding values and goals, the board formally grounded its mission in social justice.[140] In 2018, the foundation centered racial justice in all of its program work, acknowledging that historical and structural racial inequities are at the root of deeply embedded challenges many communities face across the United States.

"We've had these conversations about our time horizon in the past and have brought some of that thinking strategically into our grantmaking. As a result, we do change over time, balancing our activities with a blended approach of in perpetuity and the imperative to spend more."

Don Chen
President

The Founder's Defining Spirit and Legacy

Lasting Values and Resolve, Strategic Flexibility, and Agility

The Surdna Foundation's charter is closely connected to its founder, but since Andrus's passing, it has been flexibly interpreted by the majority-family board. According to Peter Benedict, a former board chair and the founder's great-great-grandson, "John Andrus didn't impose restrictions on his very generous bequest, instead granting future generations of his family the scope to manage the strategic direction."[141] This has allowed the foundation to change course as context dictated while maintaining Andrus's general founding values.

This flexibility has applied both to programmatic work and to operational approaches, including the hiring of staff. In 1989, after having been led successively by five Andrus descendants, Surdna recruited its first Executive Director, Edward Skloot. At the same time, it made board membership more accessible to interested family members, while introducing term limits. In 2002, the 13-member board was expanded to include two non-family members,[142] and the foundation's leadership engaged in concerted deliberations about the foundation's strategic time horizon.

Strategic Time Horizon: A Principled Commitment to In Perpetuity

There is no mention of the intended lifespan or strategic time horizon in Surdna's 1917 certificate of incorporation or any subsequent bylaws or updated articles. However, the board and leadership regard Surdna as a foundation committed to long-haul issues and thus plan to continue work for "many decades to come."[143] Furthermore, its longstanding practice of maintaining a five percent spending rate is effectively a perpetual investment model.[144] Surdna will also exist in perpetuity to engage the Andrus family in meaningful cross-generational philanthropic giving, providing an avenue for them to learn about philanthropy and public service.

Still, the foundation has previously spent down significant assets. According to Don Chen, the Surdna Foundation's current President, one example was the 1999 sale of Andrus's original timber properties. The sale generated approximately $30 million for Surdna, which could have been simply added to its endowment. Instead, the foundation spent half of the proceeds on a three-year initiative to drive and promote policies on sustainable timber practices and management through Surdna's Sustainable Forestry Initiative.[145]

Such periodic decisions, according to Chen, are highly useful in helping the foundation sharpen its focus and sense of urgency, hone operations, and adjust grantmaking practices.

Source: Surdna Foundation

"There's a healthy tension between providing long-term funding and addressing urgent issues," said Chen. "We've had these conversations about our time horizon in the past and have brought some of that thinking strategically into our grantmaking. As a result, we do change over time, balancing our activities with a blended approach of in perpetuity and the imperative to spend more."[146] Still, achieving that balancing act is complicated when the foundation is simultaneously trying to expand the endowment, remain agile and cutting edge, and figure out how to most effectively deploy its assets to impact social change. For a long time, Surdna has focused on long-term work around systems change. Since the stewards of that work are the foundation's grantees, a long-standing commitment to them and their work is essential. According to Chen, most grantees receive general support, and the foundation prides itself on being a "high-touch" funder, establishing partnerships with grantees and getting to know the fields and other stakeholders within the ecosystem.[147]

"Urgency and patience aren't antithetical to each other. Making big bets in perpetuity can certainly be done because big bets aren't solely related to time."

Don Chen
President

Racial Reckoning, COVID-19, and Reaffirmation of a Long-term Horizon

In recent years, recognizing shifting social norms and growing urgency around social justice and racial equity, Surdna's board and leadership once again applied a flexible interpretation of the foundation's charter to focus on these issues. This move sparked some intergenerational tensions within the Andrus family, which highlighted the complexities and pain points experienced by multigenerational family foundations grappling with differences in attitudes, cultural norms, interests, and motivations.[148] "It's a complicated animal to coordinate everyone's wishes," Chen said. "The younger generation tends to express a fiercer urgency to spend more of the foundation's endowment to meet today's needs, whereas the older generation has sought to address current challenges while also maintaining robust resources to fund future social justice efforts. All of this plays into how we approach and think about Surdna's time horizon."[149]

The foundation continues to discuss these tensions and remains focused on providing agile, long-term support to the social justice field and ensuring that its approaches evolve in line with the field's needs, norms, and practices. As a result, Surdna's grantmaking has shifted to a rapid-response, more trust-based approach, which the foundation is currently formalizing and operationalizing. The COVID-19 pandemic—which sent the economy into a tailspin, brought to the surface systemic injustices, and accelerated the United States' racial reckoning—served as both a test and a manifestation of the foundation's commitment. As the national movement for racial justice swelled following the killings of three unarmed Black individuals—Breonna Taylor, Ahmaud Arbery, and George Floyd—by the police, Surdna held a series of emergency board meetings, during which the board decided to release additional funds to support grantees during these momentous and challenging times. Surdna's long-term presence in the social justice field facilitated this rapid response.

Inspired by the urgent needs of the pandemic and long overdue reckoning of racial injustices, and driven by the desire to contribute in the most effective, meaningful, and strategic way possible, Surdna began to rethink its traditional 5 percent annual spend out. According to Chen, the foundation weighed "the tradeoffs of meeting today's demands and seizing opportunities for greater impact against having fewer resources to dedicate to future problems and chances to effect change."[150] The conversation took time and deliberation. However, following George Floyd's murder, Chen "challenged the board to commit in a really big way across different fronts."[151]

As a result, in mid-October 2020, the Surdna Foundation announced it would increase its grantmaking for racial justice by approximately $36 million in total over the next three years, adding to the more than $41.5 million that Surdna already spends annually. The foundation thus will dedicate a total of $160 million to racial justice work between 2020 and the end of 2023.[152] These funds will support existing grantee partners and "sustain their work toward addressing deep, structural anti-Black racism to realize just and sustainable communities in which everyone can thrive."[153] According to the foundation's leadership, this move was made possible because Surdna intentionally combined the stability and longevity of its in-perpetuity horizon with the flexibility to make big bets in reaction to the urgent needs of the day.[154] As Chen stressed, "Urgency and patience aren't antithetical to each other." For Surdna, its values and increasingly holistic approach to fulfilling its mission and goals enable it to make big bets over the long arc of the social justice movement.

Source: Surdna Foundation

Source: Guardian Australia

The Stegley Foundation

Location: Australia
Founded in: 1973
Closure date: 2001
Number of staff: 1.5
Endowment: AU$6.4 million

Founded in 1973 by well-known Australian entrepreneur Brian Stegley, Sr. and his wife, Shelagh, the Stegley Foundation revolutionized time-limited giving in Australia. Almost two decades after its closure, the foundation continues to inspire the country's philanthropists who seek to create meaningful social impact within their lifetimes.

Background

In 1946, Brian Stegley, Sr. established Stegbar, a recognized manufacturer of windows, frames, and home architectural solutions, which is still a household name in Australia. Decades later, following the sale of their businesses and inspired by the notion of charitable giving, the Stegleys decided to formally establish a private philanthropic trust, the Stegley Foundation. This was in 1973, but just three short months after the trust deed was drawn up, Brian Stegley, Sr. passed, followed two years later by Shelagh Stegley. With only a few grants under its belt, the fledgling philanthropic institution was now in the hands of the nominated trustees, two of the founders' six children, Brian Stegley and Sarah Stegley, who remained at the helm of the Stegley Foundation until its closure in 2001.

Despite the rocky beginning, the Stegley Foundation proved to be a success story and an example for others. By the time they assumed the oversight of their parents' foundation, Brian and Sarah Stegley were learning fast and becoming dedicated to important social issues, including indigenous and disability rights in Australia. Throughout their 28-year leadership, the foundation worked to create major policy changes in the fields of disability rights, indigenous rights, and the environment. The foundation also contributed to transformative changes in the areas of tax reform and community development, local government representation, education, health, and advancing progressive and time-limited philanthropy in Australia.

A Pioneering Spend-Down Vision Becomes a Plan

In an unprecedented move for its time, the Stegley Foundation's founding documents included a sunset clause that dictated all its funds had to be fully disbursed within 30 years. This was guided by Brian Stegley, Sr.'s belief that philanthropy was more relevant if carried out within a generation of your lifetime. It would be better to do as much as possible as soon as possible.[155]

According to his children, "He had probably meant to have the foundation going for his lifetime, and by the time he reached his 70s, his kids could decide what they wanted to do next."

Beyond the basic founding deed and "literally a few scraps of paper left with the accountant,"[156] there was little to guide the Stegleys' children, the foundation's new trustees, in their quest to fulfill their parents' wishes. To honor their parents' legacy, passions, and time-limited intent, the new trustees decided to develop robust policies and parameters around the projects they would fund and the outcomes they sought to achieve, in order to guide their work and to maximize the foundation's philanthropic impact in its time-limited lifespan. "Having the final date in place helped to maintain a sharp focus," according to Brian and Sarah Stegley. "You get on with it, because time is already running out. There is not the comforting sense that the foundation will be around forever."[157]

"Having the final date in place helped to maintain a sharp focus...You get on with it, because time is already running out. There is not the comforting sense, that the foundation will be around forever."

Brian and Sarah Stegley
Trustees

To help implement its policies and grantmaking, and retain its focus on impact, the foundation kept its governance lean. Initially, the board consisted of three trustees: the two children and one legal/financial advisor. In 1995, Moira Rayner, a well-known human rights and equal opportunity commissioner, joined the board of trustees. Her enthusiasm for serving the foundation was ignited by its time-limited strategic horizon and the opportunity to have real impact.

“I was attracted by the fact that they were prepared to make big grants and spend all the money,” Rayner said. “I could see some real opportunities to do something significant.”[158]

Shortly after, Brian and Sarah’s younger sister Kristin also joined as a trustee, and the three Stegleys and Moira continued as trustees until the foundation closed in 2001.

The Tactical and Practical Steps of the Spend-Down Journey

To maximize impact and avoid the burden of a large staff while trying to spend down its assets, the Stegley Foundation had only a two-person team: one part-time administrative staff member and the chief research officer. Specialist advisors were brought in from time to time. The aim was to have high-caliber staff that could deliver high-impact work. The Stegley Foundation saw itself as a lean machine, with smart, dedicated staff working closely with the trustees, all sharing the same vision and always aware of the approaching sunset closing on their work.

Every 10 years, the foundation conducted a review of its progress and a reset of its work plan to ensure it stayed on track toward reaching its goals. Given the focus on impact dictated by its short lifespan, the Stegley Foundation also developed a distinctive approach to evaluating its goals by engaging external experts and representatives of the communities served. As part of this effort, the foundation brought together people from relevant sectors to discuss core issues, how they had been addressed, and how to better respond to them in the future.

Within its final five years, the foundation underwent a concerted strategic process to end its activities and exit the field constructively and responsibly. “It was a most creative time. We had to respond with new strategies, think smarter, act harder,” Sarah Stegley explained.[159] In 1996, the trustees launched a major organizational review to ensure the foundation was making the greatest impact possible with the remaining funds, leaving something substantial behind, and developing a plan for closing down the foundation in a way that “best honored the intentions of its founders, yet met the trustees’ views on social needs.”[160] They solicited

Source: theconversation.com

expertise from outside their walls, including via questionnaires from fellow philanthropic trusts, community organizations, activists, and think tanks. These partners helped the foundation reflect on its strengths, weaknesses, and how it could create real change with its remaining dollars. The Stegley Foundation also engaged an independent evaluator who helped it strategize and develop action plans based on this input. As a result of these efforts, the foundation identified six funding areas and required all supported projects to have an advocacy or social action emphasis and a strategy on how it would impact public policy. The ultimate outcome of this process was that, in its final years, the Stegley Foundation funded fewer, bigger, longer-term projects. It also became more strategic about where it directed the money, and it focused on convening people, organizations, and partners. Two areas where the foundation played a key convening role was in the disability rights movement, leading to the establishment of an organization which was designed to build the skills and confidence of the next generation of disability advocacy leaders and through the women's participation in local government initiative, designed to encourage and support women candidates in local government elections.

"Part of our strategy was to make sure that we closed the funding gap behind us...We thought it was irresponsible to leave the sector with this gaping wound."

Sarah Stegley
Trustee

To facilitate a smooth close-out process and pave the way to an enduring legacy, the foundation also hired a key resource, Trudy Wyse, manager of community development. In her role, Wyse worked to build relationships with organizations and community groups within the foundation's focus themes, participated in management committees, and provided advice. She also used her background in local government and community activism to become "the foundation's partner both in developing and implementing the projects,"[161] especially when the line between Stegley as a funder and an implementing organization became less distinct. "Part of our strategy was to make sure that we closed the funding gap behind us," Sarah Stegley noted. "We thought it was irresponsible to leave the sector with this gaping wound."[162]

Wyse described the foundation's final years, particularly the last two, as a time when the trustees were prepared to take greater risks. In that time, the Stegley Foundation devoted significant efforts and resources to, and actively shared its experience and knowledge with, others operating in Australia's philanthropic landscape, ensuring the lasting impact of its work long after its closure. This included the continuation of three distinct programs: (1) r.u.MAD project (Make a Difference – Education about Philanthropy) to raise awareness about the importance of giving in Australia, with a particular focus on students; (2) the partnership with the School of Social Science and Planning at RMIT University in Victoria, aimed at developing community activists' skills in advocacy and social action; and (3) an annual Social Justice Research Award granted to a postgraduate student whose thesis makes the greatest contribution to the advancement of social justice globally.[163]

Mission Accomplished: The Foundation's Lasting Legacy and Impact

In the 28 years of its existence, the Stegley Foundation distributed approximately AU$6.4 million in support of diverse social causes throughout Australia. However, its impact extended far beyond its philanthropic giving. Equally as important, the foundation ignited transformative change in the Australian philanthropic sector, not only by practicing a focused thematic approach to giving but also by pioneering an impact-driven, time-limited approach to philanthropy. The foundation inspired other donors, such as the Poola Foundation, to practice thoughtful, time-limited philanthropy and to invest in big bets in response to the urgency of now.[164]

Source: Australia Pro Bono

Source: The Tubney Charitable Trust/Comic Relief

The Tubney Charitable Trust

Location: United Kingdom
Founded in: 1997
Closure date: 2012
Number of staff: 6
Endowment: £65 million

During its brief, 15-year lifespan, The Tubney Charitable Trust (Tubney) not only contributed to advancing important work in the fields of the environment, farmed animal welfare, education, and palliative care, but also left an undeniable mark on the United Kingdom's philanthropic sector and the country's practice of time-limited philanthropy.

Background

Tubney was established in 1997 by Miles and Briony Blackwell, following Miles's retirement from the family publishing business, with an initial endowment of £500,000. The Blackwells intentionally named the trust not after themselves but rather after the village in which they lived to allow them to retain anonymity throughout Tubney's life. From the beginning, the founders explored many of the possibilities of grantmaking by experimenting and working without a restrictive grant strategy. This approach revealed the charitable interests and instincts of the founders and this influenced Tubney's future thinking and direction. Unfortunately, four years after Tubney launched, the founders died within a year of each other, leaving Tubney in the hands of four personal advisors or professional colleagues of the Blackwells who had been identified as potential trustees before the Blackwells' untimely deaths.

By the time the doors closed in 2012, Tubney had disbursed nearly £65 million, contributing to significant progress in the areas of protection and enhancement of the natural environment and improvement of the welfare of farmed animals, including through capacity-building grants for key organizations.

The Beginning: Fulfilling the Founders' Intent

Honing the Focus and Setting a Time Horizon

During their lifetimes, the Blackwells' giving did not reflect a clear cut agenda and their wills provided little guidance that articulated their vision and values. This left the trustees, who knew the founders well, with the task of trying to shape an organization that reflected the Blackwells' thematic interests. As a result, the trustees identified four initial focus areas: (1) education, (2) palliative care, (3) animal welfare, and (4) conservation of the natural environment. At the same time, the trustees worked to honor the founders' wish that their philanthropy should be finite. According to the former Executive Director, Sarah Ridley, "When the Blackwells left their entire estate to Tubney; they were not interested in creating an endowment to exist in perpetuity. They wanted to get the money out to do as much good as possible, as soon as possible." In that spirit, the trustees settled on a strategic time horizon of 10 years.

Across Tubney's lifespan, the primary motivation was to create a demonstrable legacy honoring the memory of Tubney's founders. Always spurred by the founders' intent "to be prudent but quick,"[165] the trustees developed an evolving spending strategy that allowed them to efficiently and deeply focus Tubney's philanthropic efforts. This approach led Tubney through three strategic phases of grantmaking and resulted in a lasting legacy of positive change.

"We were asked to consider if we simply replicated what we have done for the past number of years and then closed down, would we be happy with the results, or do you think we can do more?"

Sarah Ridley
Executive Director

Key Stepping Stones on the Journey to Spending Down

A Strategic Reality Check: Revising the Blueprint

The four trustees started out thinking they could do everything on their own. However, faced with a fast-approaching end date, finite funds, and a grantmaking approach that was "broad and supporting many disparate causes,"[166] the trustees found themselves in need of a strategic review process. Thus, in 2003, they engaged an executive director and an external facilitator to help take a sharper look at their past work and challenge them to think differently about future interventions. Another goal was to ease the burden on the trustees, who were involved not only in grantmaking but also in administrative and managerial tasks, by providing them with the necessary resources to fulfill Tubney's vision. What emerged was a well-defined strategic framework, outlining a narrowed focus on two core areas—the natural environment and farmed animal welfare—and creating several staff roles to administer and implement this work. While it was difficult to let go of work in education and palliative care, Tubney created a lasting impact by making significant gifts in each of those sectors before exiting them.

This strategic reenvisioning exercise was absolutely crucial to "focus the collective mind and resources"[167] within Tubney's tight timeline, and to develop a clear, targeted plan for efficiently and effectively spending down in Tubney's intentionally short life.

Pivoting Grantmaking Approaches

Tubney's grantmaking approach was rooted in a dedication to the belief that the best way to impact its target fields was to support ambitious initiatives that were not of interest to other funders. While the overarching philosophy remained unaltered throughout The Tubney Charitable Trust's lifetime, the technicalities of the grantmaking process involved some trial and error.

Following the re-envisioned strategic framework and revised guidelines, Tubney went through two further phases of grantmaking:

- **Reactive grantmaking,** whereby Tubney received unsolicited grant proposals and subsequently funded apt initiatives.
- **Proactive grantmaking,** whereby Tubney worked closely with select grantees to provide multiple layers of support.

The Tubney Charitable Trust started out as a traditional reactive grantmaker, fielding grant proposals relevant to its programmatic priorities and deciding when and what to fund if the organization or initiative adhered to its vision of maximum impact. However, in 2008, a strategic review session asked the trustees to consider, "If we simply replicated what we have done for the past number of years and then closed down, would we be happy with the results, or do you think we can do more?"[168]

Source: Andy Hay (www.rspb-images.com)

This discussion propelled Tubney into its second, proactive phase of grantmaking, which encompassed working directly with nonprofit organizations that shared Tubney's objectives, helping them identify and overcome barriers, and providing them with financial, consultancy, and training support. As Ridley explained, "These were two manifestly different approaches to spend-down grantmaking, and the transition into the role of a supportive friend working alongside key organizations was extremely motivating to staff because it wasn't business as usual."[169] This strategic pivot helped The Tubney Charitable Trust further its goals of efficiency, effectiveness, and impact as it moved toward its final spend-down date. As Tubney gained a clearer sense of how it could best contribute to progress in the remaining four years, The Tubney Charitable Trust reflected on its role in its focus sectors and how its strategic journey had allowed it to grow from being simply a respected funder to a trusted partner.

Starting in 2008, Tubney sought to create impact in a bigger and longer-term way, through legacy grants, which focused on "increasing the fighting power of the selected organizations."[170] This involved an internal shift from funding projects to supporting organizations and building their capacity. In another shift, Tubney contributed sizeable funds to allow grantees to "think big" and focus on shifting systems and policy, replacing Tubney's previous emphasis on quantifiable targets, such as planting a certain number of trees or purchasing hectares of land.

Recognizing the Value of Long-Term Staffing and Retention

The Tubney Charitable Trust did not experience any staff turnover during its spend-down journey, instead seeing growth and exemplary retention rates. With just four trustees at its start, Tubney grew to include six full-time staff members by 2004, all of whom remained until it ceased operations. According to Ridley, this was because "staff were given the opportunity to make a tangible difference in areas we were passionate about." In addition, to retain its high-caliber staff while adhering to a lean overhead model, Tubney created tangible benefits for its employees. "Staff were looked after," Ridley explained, "but we were conscious that we're a charity, so we were not spending excessively on ourselves."[171] As an incentive, Tubney provided a small bonus to staff members who achieved the agreed stretch objectives and stayed through the end date. The staff also received career counseling and a small professional development budget. As a result, Tubney avoided turnover turbulence and did not need to hire additional support as it moved into its final spend-down phase. Everyone was dedicated to the final mission and willing to handle assignments ranging from intellectual roles to packing and moving boxes.

Getting to Zero

The Tubney Charitable Trust referred to the mechanics of its overarching spend-down approach as "getting to zero,"[172] which entailed the small and large steps required not only to spend all the money and deliver an enduring positive impact, but also to support all grantees and staff through Tubney's eventual departure from the field. This included having someone there on the final day to turn off the office lights and turn in the keys. According to Ridley, one of the most significant challenges of this process was the precision and care needed to responsibly spend down the funds by the deadline, while ensuring they were directed toward the most worthy and lasting causes. An organizational mindset shift to think beyond Tubney's departure enabled the newly adopted steps for getting to zero. For example, to respond to this challenge successfully, the team brought in outside investment advisors to help manage the investment of the endowment in a way that produced secure returns and guarantee that Tubney was able to disburse the promised funds.

Reflections on the Spend-Down Journey: Pain Points and Lessons Learned

"I always referred to Tubney as being on a journey," stressed Ridley. "Any challenges faced along the way were approached head-on with effective communication, self-reflection, honesty, and support. And I don't think the trustees could have made the same decisions at the end if they hadn't started out reflecting the way they did on how to take the journey to sunset."[173] As Tubney continued to engage in learning and introspective reflection even after its journey came to an end, it clarified several cornerstones of a successful, rewarding, and impactful spend-down:

- **Planning.** The Tubney Charitable Trust found it crucial to painstakingly manage all minute aspects of the time-critical, intense process of spending down, including finances, budgets, investments, contracts, staff, and other operational details. This required rigorous planning, policies, and mechanisms including committees created to focus on particular aspects of the spend down (such as the Legacy Review Team or Spend-out Team). Regular meetings and reviews kept Tubney on track.


Source: University of Bristol

- **Communication.** Tubney maintained transparent and open communication, both internally and externally. By keeping staff, grantees, and partners abreast of any changes to the timeline and operational focus, Tubney engaged them in its process and provided them with crucial information in a timely manner. It also created an environment of collective involvement in preparing for the future after Tubney closed.
- **Strategic alignment.** Agreeing on a strategic trajectory and a common approach to both grantmaking and operations at the outset allowed for clarity throughout the spend-down process. As a key part of this, Tubney set up periodic checkpoints every five years to reevaluate progress and realign its strategy to changes in the world and shifts in grantee needs.

Ridley recalled Tubney once conducted a thought experiment that had the team write the Tubney's obituary and envision the legacy for which they wanted to be remembered. "This was not to be done in a grandiose way, but in terms of the impact that could be achieved. This allowed trustees and staff to take the forward-looking obituary, turn it on its head and work backwards, and think about what steps Tubney could put into motion to achieve the imagined future."

In leading by example and placing rigor, focus, and compassion at the center of its work, The Tubney Charitable Trust earned a memorable obituary and a lasting legacy. In its brief but prominent 15 years of existence, Tubney left an indelible mark on British philanthropy and accomplished meaningful change by collaborating with and uplifting many organizations and campaigns. Some of Tubney's success stories include supporting the first legislation to protect the U.K.'s marine environment, developing national policy around farmed animal welfare procedures, and building a community of funders committed to the issues and approaches Tubney championed. The Tubney Charitable Trust continues to serve as a touchstone for adherents of time-limited and strategic philanthropy.

"I always referred to Tubney as being on a journey...Any challenges faced along the way were approached head-on with effective communication, self-reflection, honesty, and support."

Sarah Ridley
Executive Director

The Whitman Institute

Location: United States
Founded in: 1985
Closure date: 2022
Number of staff: 2
Endowment: $2 million

The Whitman Institute (TWI) has taken a distinctive approach to spending down by advocating for a trust-based philanthropic model and by emphasizing co-leadership and decisive, radical, and impact-focused giving in its final years. TWI has set an example for other foundations on how to respond to the challenges many face—how to go all in and address the urgency of now.

Background

In 1985, Fred Whitman, an heir to the original Crocker railroad fortune, founded TWI as a small operating foundation to help people improve their everyday problem-solving and decision-making, and to explore how emotions and thoughts affect people's choices, relationships, and actions.[174] Whitman's personal and familial struggles shaped the foundation's mission and many of its initiatives, such as The Dialogue Project, which explored how group dialogue can help build skills and relationships to better confront challenges. In 1988, three years into the foundation's life, Whitman hired John Esterle as a research associate. Eleven years later, Whitman named Esterle the Executive Director.

Until Whitman's death at the age of 90 in 2004, the foundation remained an operating vehicle, with Whitman closely involved with its work. The board, which over the years included legal and financial advisors, as well as personal friends and the Institute's executive director. Whitman was smart, curious, passionate, and generous, and while known to be a bit difficult, he had a close bond with Esterle. After Whitman's death, Esterle found himself at the helm of a relatively independent foundation with no family members to take over and an aging, perfunctory board.

Recognizing the foundation's value and potential impact, Esterle instead transformed it into a proactive grantmaking entity. "My tenure at TWI felt like a long incubation period of learning and reflection. It was liberating to feel that TWI could finally start to realize its long-dormant potential," Esterle said.[175] He set out to build on Whitman's passion by forging a new mission to advance equity in all its forms and by leveraging dialogue, relationship building, and inclusive leadership for social good.[176] TWI's "second founding" included a process of internal renewal. It involved building a new, more strategic, mission-driven board that could serve as thought partners and guide the foundation's work, as well as bringing on Pia Infante in a part-time capacity to help with program and operations, who eventually became Esterle's co-executive director.

While Esterle had the idea of an eventual spend-down in the back of his mind at this time, it was not until later that serious consideration was given to the question of whether a funder might have more impact by limiting its lifespan, especially when it had modest human and financial resources.

Another New Beginning: Deciding to Limit its Lifetime to Maximize Impact

Genesis of the Decision

In 2012, TWI's leadership and board made the decision to spend down for two key reasons: to be strategic and to be responsive. As Infante shared, "TWI did not make the decision to spend out in the course of one board meeting or even one year. It was at first an outlying question that returned over the course of a few years until it landed squarely in the center of purpose, strategy, and timeliness for a board that had been practicing an ongoing inquiry about perpetuity."[177]

In the early 2000s, TWI's leadership weighed the question of whether a modestly sized foundation could have more impact with

"TWI did not make the decision to spend out in the course of one board meeting or even one year. It was at first an outlying question that returned over the course of a few years until it landed squarely in the center of purpose, strategy, and timeliness for a board that had been practicing an ongoing inquiry about perpetuity."

Pia Infante
Co-Executive Director

a time-limited horizon. In other words, would infusing nonprofits with more operational funds now have more impact than granting smaller amounts in perpetuity? The foundation's leaders suspected the answer was yes, and it seemed that TWI was well positioned for such a step. TWI had already been spending an average of 8 percent of its assets on its grantmaking, more than the five percent required of foundations in the United States. Then, in 2008, the foundation's assets fell from a peak of about $20 million to about $14.5 million. Despite this drop, the board was determined not to cut back when their grantees needed funding more than ever in light of the global financial crisis and decreased funding from other foundations. Three years later, the foundation's assets decreased to about $11 million, and its financial managers projected that, at the current level of spending, the foundation would not last.

Confronted with this reality, the board wanted to avoid becoming a casualty of circumstance. The board knew it had to finalize its limited-life discussion and decide whether to preserve the assets in perpetuity or to set an end date to the giving. In 2012, Esterle and the board hired a facilitator to run a daylong board retreat, during which they formally adopted a spend-down plan, setting the end date at 2022. The board members were particularly thoughtful about establishing a reasonable timeframe. As Esterle shared, "We thought we needed a good chunk of time to create a good story and support. We didn't want to disappear too quickly." They felt 10 years would be enough time to conduct the necessary advocacy work and create meaningful change.[178]

Going Time Limited

After a period of reflection, during its retreat TWI's leadership came to its decision intentionally and with strategic clarity. As Infante shared, "Spending out in a limited amount of time would enable us to take a both/and approach to grantmaking rather than either/or."[179]

Ultimately, the board was motivated by two factors. First, it sought to respond to the needs of the grantee partners, who, at the time of the spend-down decision, faced increased challenges due to the recession, and needed resources as quickly and freely as possible.

Source: The Whitman Institute

Several years later, this motivation and approach were validated with the election of Donald Trump, as spending down enabled TWI to take a values-based stand and fight for vulnerable populations by funding nonprofits that supported undocumented immigrants and incarcerated youth, among others.[180]

Second, the board wanted to create a strategic, compelling focus which would guide TWI's spend down, that is to shift its common philanthropic practice toward trust-based philanthropy.[181] As a result, TWI spearheaded the trust-based philanthropic approach, which entails starting from a position of trust with a grantee, rather than the common top-down power dynamic based on proven success and extensive bureaucratic requirements. TWI has received a lot of attention about how it undertakes its grantmaking, and in turn it has sought to use this recognition to contribute to a larger philanthropic conversation about doing things differently. The foundation's defined, limited time horizon enables it to focus very clearly on its position as an advocate for trust-based philanthropy.

"I found that when I gave up some of my personal power, we became a more powerful organization. For me, part of the decision to spend down was linked to the same idea of giving up power."

John Esterle
Co-Executive Director

A Foundation Transformed

In line with this approach, the decision to spend down did not spark any changes to the foundation's grantmaking or its highly regarded annual retreats for grantees and funders. TWI began distributing multi-year and annual unrestricted grants to better meet community needs over time, continuing to fund its multi-issue portfolio, including civic and community engagement, leadership development, human rights, movement building, and media and journalism. In 2020, TWI launched the Trust-Based Philanthropy Project, a five-year collaborative funder initiative, to address the inherent power imbalances between foundations and nonprofits.[182]

Internally, spending down led to an increase in staffing and overhead costs. Once the decision was made, the enormity of the challenge immediately weighed on Esterle. To help in leading the transforming entity, he brought Infante, who had been a contract employee for 10 years, on as Co-Executive Director. Historically, TWI had a majority-white, aging board. Hiring a queer woman of color for the co-leadership role, along with appointing five people of color to the board, allowed TWI to model a more inclusive picture of trusteeship, which became transformative for the foundation's grantmaking identity and outlook.[183] As Esterle stated, "I found that when I gave up some of my personal power, we became a more powerful organization. For me, part of the decision to spend down was linked to the same idea of giving up power."[184]

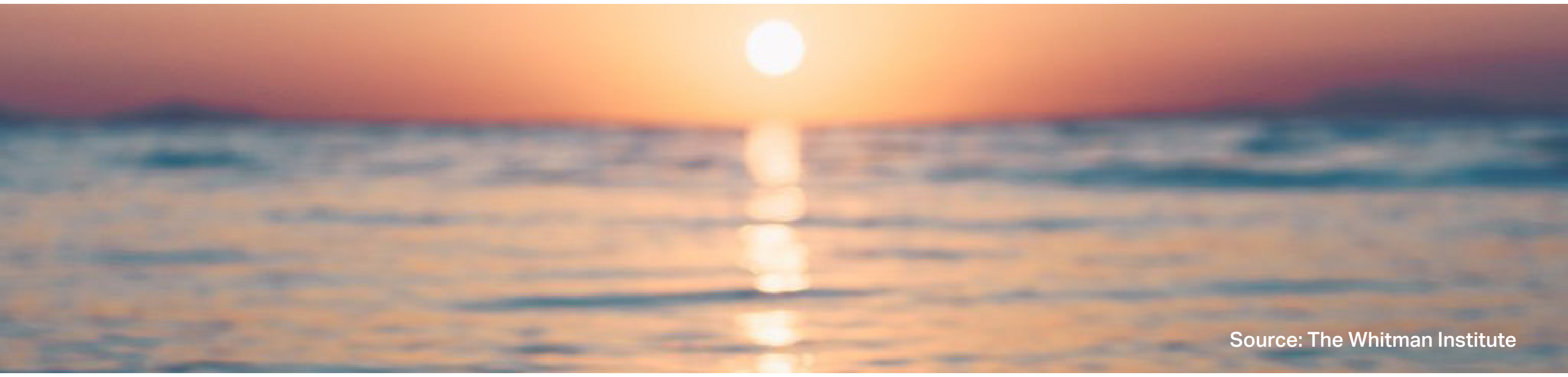
The foundation also decided to hire a part-time communications consultant. Investing in communications enabled TWI to focus on "stories that would help grantees and help strengthen advocacy around trust-based philanthropy. It's less about our part in the story."[185] Grantees and partners did not see the foundation as simply spending more on its own administrative needs; instead, they viewed the hires as an indication that the foundation was doing what they had asked and advocating for better grantmaking.

Running a Spend-Down Marathon: Practical Considerations and Challenges

As it began its spend down journey, TWI grappled with the pressures of fulfilling the foundation's overarching mission in a 10-year timeframe, and doing so in the face of ongoing socioeconomic and political turbulence.[186]

Legal and Financial Diligence

TWI's financial managers continuously run through various cash-flow scenarios. To ensure the foundation has sufficient funds for its final year, the staff produced five years of projected budgets and reexamined its tolerance for risk. At the same time, to mitigate some of the risk, the staff gave itself a cushion in case projections and investments go awry. While this is a time-consuming and taxing process, the board views it as reassuring and necessary to ensure the foundation does not disappear prematurely, so that it can honor both its grantee commitments and the time frame within which its staff is operating.


Source: The Whitman Institute

Major Shifts in Context

The COVID-19 pandemic, the racial reckoning spurred by the murder of George Floyd, the increasing effects of climate change, and the disastrous impacts of a range of regressive policies all converged two years before TWI's spend-down date—and emphasized the urgent need for increased spending and the power of spending down. In response, TWI, along with peer spend-down foundations such as the Compton Foundation and the Stupski Foundation, invited other foundations to consider this critical moment as an opportunity for transformational change. As they stated, "Some grantmakers may worry that distributing their wealth in the short term will leave them unable to weather the next crisis. But if we hold off, the problems we are confronting today could escalate past the point of influence."[187]

An Ambiguous Finish Line

With two years until its doors close, TWI is not sure what the final year will look like. As Esterle and Infante recently shared, "Uncertainty and vulnerability remain constant companions."[188] Instead of being engaged primarily in outreach and communications as originally anticipated at this point in its journey, with all the challenges occurring in 2020, TWI has redirected most resources to grantmaking, including significant support for the Trust-Based Philanthropy Project.[189] This also includes the cancelling of the last of its retreats, which had become signature gatherings that built and strengthened relationships with grantee partners by sharing stories and fertilizing ideas.

In terms of staffing, Esterle, who will be at retirement age when the foundation closes, has said he will be the last to turn off the lights and lock the door. Given Infante is in the middle of her career, her future is more uncertain, though she is also planning on remaining with the foundation until it closes. Though the board prefers for the staff to stay until the end and has offered retention bonuses to encourage that, it doesn't want to obstruct any career opportunities that might emerge in the final months.

Legacy: Lessons Learned, Assumptions Tested

Since making the decision to spend down nearly a decade ago, the foundation has continued to reflect on its journey, question its assumptions, learn, and evolve. While this becomes an increasingly bittersweet process as the foundation moves closer to its final days, the staff and board strongly believe in constant growth, learning, doing things differently, and inspiring others. This approach, now a core philosophy, has allowed the foundation to be strategic and impactful within a relatively short period.

TWI's final grants were announced in 2020, and only two years of work are left. A growing sense of urgency has begun to set in, and the foundation is gaining greater focus and clarity in its remaining time. "We are reflecting on what we have been able to accomplish through our grantmaking but especially through our advocacy in the field of philanthropy," Infante said. TWI's trust-based philanthropy model is growing in popularity, and as the board has said, "as its endowment shrinks, the foundation's impact grows." This approach has been catching on, as major foundations around the world have adopted and advocated for it. And it can be seen in a call to action around philanthropy's commitment during COVID-19, with nearly 800 foundations pledging to make their grants less restrictive, to communicate proactively, and to listen to grantees and partners.[190]

Nowadays, the foundation is thinking differently about legacy, impact, and the story it wants to leave behind. TWI proved to be a trailblazer on many fronts. It not only pioneered a trust-based philanthropic approach and engaged in public ruminations on the challenges and opportunities of spending down, but it also practiced authentic co-leadership diversity, equity, and inclusion by reflecting the communities it serves. The foundation is seizing this moment to meaningfully contribute to positive and overdue transformations in the institution of philanthropy, if not in its lifetime, then in the foreseeable future. At its core, TWI's legacy will involve encouraging a more equitable, open, and trust-based form of philanthropic giving.

Source: The Whitman Institute

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