

## Sharing the Lessons of a Foundation Spend-Out

By SUSAN CAREY DEMPSEY

**The idea of spending down the resources of major philanthropic foundations has enthusiastic advocates, including founders who wish to make a difference in their own lifetimes, and activists who place a higher value on addressing current needs than preserving endowments in perpetuity.**

onPhilanthropy has discussed this subject with a number of key players in this debate, such as [Atlantic Philanthropies](#), founded by Chuck Feeney, an Irish American philanthropist. Feeney, the subject of the book, *The Billionaire Who Wasn't*, has been quoted as saying "I believe that people of substantial wealth potentially create problems for future generations unless they themselves accept responsibility to use their wealth during their lifetime to help worthwhile causes." Atlantic Philanthropies committed a few years ago to spending down its endowment on a carefully planned set of programs, effectively putting itself out of business in 12-15 years.

Now, another foundation has announced that it is closing its doors, having completed a 10-year spendout plan. [The Beldon Fund](#), dedicated to building public and policy support for environmental protection, goes out of business this week after distributing over \$120 million. It made its last grants in June 2008 and will officially close May 31, 2009. Beldon's web site (<http://www.beldon.org/>) will remain live for the foreseeable future. Beldon's archives will be preserved at the Indiana [University-Purdue University Indianapolis University Library](#) as part of its Philanthropy Collections and available for research in 2014. In order to capture and share lessons learned during the spend-out, Beldon used the experience to develop a guidebook as well as the website to assist other organizations contemplating this course. Designed as resources for other donors, regardless of issue area, they recount Beldon's effort to accomplish an ambitious mission on an accelerated timetable, and provide guidance on adopting a spend-out model that focuses on policy advocacy.

onPhilanthropy spoke with Beldon founder John Hunting and Anita Nager, Beldon's Executive Director. Both credit the spend-out strategy for encouraging them to be "bolder" than they might otherwise have been in their grantmaking: "Spending out and focusing on policy change proved a potent combination; the one allowed us to concentrate our resources and the other to achieve results that we hope will last long after our exit," said Nager. "Once we hit our stride our average annual grant budget was approximately \$14 million, so we spent three or four times more on grants each year than is typical for similarly sized foundations set up to exist in perpetuity."

Hunting spoke passionately about his commitment to spending out in an effort to address the urgency of environmental problems: "How can you look at global warming coming at us with the speed of a freight train, and not do something?"

"Given the state of the environment, I felt it would be inexcusable not to spend out now," said Hunting. "Today's money should address today's problems and I believed that larger, targeted investments over a relatively short period of time would be more effective than smaller grants made over decades. Ultimately, this approach worked well for us."

Hunting believes sharing strategies and results will be an important part of Beldon's legacy. "We hope other donors will incorporate what we've learned into their own exploration of spending out or spending more to make a difference, and that funders focused on pressing social issues will consider the merits of funding nonpartisan civic-engagement efforts as a powerful way to influence policy," he said.

Though Hunting, a longtime environmentalist, started Beldon in 1982, he set it on a new course with \$100 million from the 1998 sale of Steelcase stock he received as a child from his father, an early Steelcase executive. Once Beldon closes its doors, Hunting plans to continue his environmental philanthropy through the Tides Foundation and another small foundation in Grand Rapids, Michigan “that I intend to pay more attention to.” He pointed out that closing meant four professionals would be seeking new positions, one of the realities that spending out entails.

In setting priorities for Beldon, Hunting had sought to fund efforts that would strengthen advocacy and civic engagement to affect environmental public policies. Years of disinterest in the environment, he felt, meant vast work was needed, but the Beldon team settled on two main programs:

- **Key States** (Florida, Michigan, Minnesota, North Carolina and Wisconsin), to increase the impact of environmental advocates in states that had the potential to shift policy and influence the national agenda; and
- **Human Health and Environment**, to promote policies that prevent or eliminate environmental risks to people’s health. Beldon focused on chemical policy reform as a signature issue around which it organized grantees and philanthropic partners.

Setting a limited lifespan shaped decisions across the foundation. Having focused on specific goals to meet with a deadline on the horizon, Beldon sought to build the capacity among its grantees, such as Minnesota Environmental Partnership, to change local and national environmental policies. It fostered collaboration among its grantees and like-minded organizations to achieve greater impact. Finally, it helped grantees identify other sources of funding, who could help take the place of Beldon when it was gone.

*Giving While Living* examines three areas where the spend-out approach had the greatest consequences: finance, operations and program strategy. The publication details how Beldon addressed challenges in each area and guides readers on such topics as building a financial strategy for spend out; staffing for spend out and preparing to close the doors; developing a program strategy; and preparing grantees to thrive after you’re gone.

In compiling the guidebook for other foundations, Beldon took an honest look at what worked and what didn’t, according to Anita Nager, including a program in Florida that was ultimately deemed unsuccessful.

“As funders, we need to talk about our failures. That’s something we need to do more. We learn at least as much from our failures as from our successes.”

Surrounded by boxes as they planned to close the office by the end of this week, Nager recounted some bittersweet moments in reviewing her files. Stung by a program evaluation 5 years ago that suggested they wouldn’t be able to claim specific achievements by 2009 if Beldon didn’t become more strategic and focused, she wrote a memo to address that need. “I have to say I was pleased to re-read it this week and realize that we had indeed identified, and met, those specific targets.”

John Hunting underscored the importance of outside evaluation of a foundation’s programs. “Anonymous evaluations are invaluable,” he added. “Because then people will be honest. You’ll find out things you’d never hear if there were names attached.”

*Giving While Living* is available for download free of charge at [www.beldon.org/content/spend-out-strategy](http://www.beldon.org/content/spend-out-strategy).