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We Need a Strategy for Spending Down
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WE NEED A STRATEGY FOR SPENDING DOWN

Spending down is only a tactic. To turn it into something more strategic, we will need to consider a host of questions.

BY ASH-LEE WOODARD HENDERSON & FARHAD EBRAMI

There have been so many different responses, both inside movements and inside philanthropy, to the Chorus Foundation’s decision to spend down.

On the one hand, responses from movement practitioners have included telling every funder they know that every foundation should spend down. Sometimes these practitioners mention reparations (as though reparations were synonymous with charitable giving) or abolition (because they believe, as we do, in a world where philanthropy no longer exists). Other responses reflect fear that comes from years of scarcity: “What will we do when Chorus isn’t around to fund us anymore?” The question suggests that the money to do the work is limited and might be affected to such an extent that organizations will no longer be able to secure funding for their own work. There is the feeling that the necessary relationships, and capital resources that come with them, will not be easily available or accessible after Chorus.

In philanthropic circles, there is also a spectrum. Some take an absolutist position that everyone should spend down and do so on the quickest timeline possible, because folks on the ground need the money and because philanthropy should not exist in a liberated world. Others express the belief that spend-down strategies are utopian, extreme, irresponsible, and not strategic in the world that exists.

Chorus has written multiple articles about the tactic of spending down. Spending down is a response to the relational, experiential, and data-driven research that has informed (and continues to inform) choices and recommendations regarding philanthropic strategies. Our conversations about the strategic utility and tactical intervention of spending down—whether philanthropy- or movement-oriented—might seem to be all over the place.

Even though Chorus has shared assessments and lessons in the hope that other philanthropic institutions (and the humans that sustain and maintain them) might shift their approaches, not only when it comes to what gets funded but also how movements are funded, we seem to be stuck in a feedback loop: transformational versus transactional impact, long-term versus short-term or one-time funding, general operating versus project-/program-specific grants, the 5 percent versus the 95 percent, and more.

How do we move past these sound bites to a multisector strategy for social justice funding? How do we stop the cyclical overcorrection of movement demands that are often more tactical than strategic, as well-intentioned as they might be? How do we challenge philanthropic strategies that are informed more by donor and trustee politics and the opinions and interests of the wealthy than by what is happening on the ground?

NOT ALL FOUNDATION SPEND DOWNS WERE CREATED EQUAL

If one thing is clear, it is that fetishizing the act of spending down will only get us so far. To effectively make the case for why more foundations should spend down, we will need a sharp, compelling, and collectively held strategy that indicates which foundations should be spending down at any given moment, by when they should spend down, and how they should go about doing it. In the spirit of developing a collectively held strategy, we’d like to propose the following strategic criteria to consider:

Will this spend down allow the foundation to support urgent work at a scale and on a timeline commensurate to that urgency? This consideration is particularly relevant to the climate crisis, but that is far from the only context in which it applies. We face similar tipping points in our economy, our democracy, and in our culture(s) at every level. Regardless of how any of us might feel about our own institutions spending down, we simply cannot deny that we currently face multiple, intersecting crises that affect human lives today. These crises will only accelerate if not fully addressed at a systemic level. With this in mind, we confront a clear strategic argument for spending down as a means to mobilize sufficient resources to address specific crises.

Will this spend down support grantee organizations in raising funds more effectively from other funders? One of the most perverse ways in which philanthropy’s inherent risk aversion shows up is when funders are reluctant to support a given organization or effort until they see that another funder has already committed themselves to similar support. The rationale, inasmuch as we have been able to understand it, is that funders do not want to risk “their” resources supporting an initiative that lacks the overall capacity to accomplish the work. The outcome, of course, is that grassroots organizations are labeled both “low capacity” and “high risk,” and are subsequently caught in a vicious circle of being under-resourced.

Spending down is an opportunity to view the entirety of a foundation’s endowment as serving a holistic institutional strategy. In other words, it’s not “here’s what we’re doing with our grants, and there’s what we’re doing with our investments,” but rather, “here’s what we’re doing with the whole thing.” Instead of “what we’re doing right now,” or “for the next few years,” we can say, “here’s what we are doing until we run out of money.” Put simply, spending down can catalyze big commitments, including commitments that might normally seem risky. That level of risk tolerance can open the door for other, more risk-averse funders to make similar commitments more comfortably.

After committing to a specific spend-down timeline, the Chorus Foundation was in a position to make long-term (i.e., 8-10 years), unrestricted commitments to anchor organizations in multiple geographies. These commitments were both visible and provocative and had a profound impact on mitigating risk aversion for other funders who were subsequently moved to make new or increased commitments to the same organizations and/or geographies.
Will this spend down support grantee organizations to engage in activities that make them credibly less dependent on philanthropy moving forward?

A conventional grant is a consumptive unit of economic power: it is used up and then gone. For a foundation spend down to meet this criterion, the foundation in question must also hand over productive units of economic power—for example, by making grants available for building organizational endowments, acquiring or developing land, seeding cooperative loan funds, or acquiring of the means of production (e.g., supporting a worker cooperative to purchase manufacturing equipment). By including the redistribution of productive units of economic power as an intentional part of a spend down, a foundation can support its grantees to become that much less dependent on outside resources. If we believe that a just transition for the philanthropic sector is possible, then the shifting of productive economic power should be a primary goal for any foundation spending down.

In full transparency, this goal was not part of the Chorus Foundation’s original reasoning for spending down, which is very much something that the foundation would do differently if given the chance to do it all again. With that in mind, we would like to recognize the folks at the Kataly Foundation for making this a central part of their in-progress spend down from day one.

Will the spend down allow the foundation to charismatically demonstrate to its peers what a just-transition strategy for the philanthropic sector might look like?

There is a word for removing something from active service and it is rarely used in a philanthropic context: decommissioning. When we consider the larger concept of just transition, however, the concept of decommissioning is quite common. For example, we know that we cannot equitably decommission a power plant—no matter how poisonous—without replacing the energy that it produced or the wages that it paid. Similarly, as abolitionists, we do not advocate for defunding the police without simultaneously advocating for the reallocation of those resources to social services that will create real safety and security in our communities. The question of philanthropic transformation is no different; we cannot equitably decommission a foundation without replacing—in one way or another—the resources it mobilized.

It is one thing to name these as criteria for a specific site, municipality, or philanthropic institution. It is something else—sometimes something else entirely—to change the story about what is possible, desirable, or even necessary for an entire sector. With that in mind, we believe that there should be criteria to shape the narrative strategy of a foundation spend down.

It should come as no surprise to anyone reading this supplement that the Chorus Foundation aspires to play a role in changing the story about philanthropy. And we would be remiss if we failed to acknowledge the impact of the foundation’s decision to spend down on its profile and platform in the larger philanthropic community. In short, were it not for that decision, you would probably not be reading this supplement.

On this theme, we would like to acknowledge the spend-down foundations that ventured down this path before us, and name the enormous influence their outspoken leadership had for the Chorus Foundation, most particularly the Beldon Fund, the Quixote Foundation, and the Fund for Democratic Communities.

**CONSIDER THE BROADER ECOSYSTEM**

As these criteria show, not all foundation spend downs are created equal. We would like to be unequivocal in stating that an individual high-net-wealth donor, and even an entire high-net-wealth family, spending down the totality of their wealth in response to their own ideological beliefs about wealth hoarding will not make that act strategic. If a spend down is not done in a way that addresses specific urgent needs, improves grantees’ overall relationship to philanthropy, reduces grantees’ overall need to relate to philanthropy, or embodies a coherent narrative strategy, then it will be no more than that: a personal decision in response to personal beliefs. To bring justice into this world, we must ask wealth holders to do much more.

We also want to make something else explicit about these criteria. They come from a fundamental belief in the abundance of our movements and the capacity for abundance that progressive and radical funders who support our movements have. No foundation spend down exists in a vacuum, and thus no spend down can be fully evaluated without assessing its impact on the ecosystem of economic power, including but not limited to its impact on a foundation’s peers in philanthropy.

**BUSINESS AS USUAL WILL COME AT A COST**

Without a multisector, multitactical strategy for funding—that includes elements from philanthropy but that is fundamentally informed by and accountable to a BIPOC- and working class-dreamed, designed, and driven movement strategy—philanthropy will continue to produce more of what we in justice work have always experienced: the boom-and-bust cycles of wealthy philanthropists and the professional class that works for them and their random interests. What has followed is the never-ending frustration of movement operatives inside philanthropy who simply lack the power to move beyond the challenges of the bureaucracies where they work.

**We must be clear:** The philanthropic right wing is committed to spending aggressively to develop and communicate conservative ideas and to control the intellectual, political, and cultural mainstream in the United States. (Read James Piereson’s 2002 *Philanthropy Roundtable* piece “The Insider’s Guide to Spend Down” as an example of how progressive forces are hardly the only ones who have considered the topic.)

**We must be honest:** If, in relation to philanthropy, we do what we have always done, we will get precisely what we always have. Today, we find ourselves facing multiple, serious threats, including fascism and authoritarianism; catastrophic ecological tipping points; public health crises; and xenophobic, homophobic, transphobic, patriarchal, and white supremacist violence. The time is upon us to get as serious as life or death about collectively playing to the strengths of our individual/institutional interests and assessments of where philanthropy needs to go. If the last few years have been a wake-up call, then we have been hitting snooze for far too long. It is past time to deprioritize our egos and work...
together in intersectional ways to cover the many issues that impact people around the country—none of us live single-issue lives—because there are enough philanthropic institutions and financial resources to fund all of the work that must happen to save the world.

Our current conversations are intellectually stimulating at best. Parading the trauma of targeted and marginalized communities in front of wealthy benefactors for the sake of their awareness of our issues represents the worst. Now is the time to move our institutions to ask: Are we more interested in existing in perpetuity than we are committed to and interested in saving lives—not to mention the human ability to survive on this planet?

If we are thinking long term, might there be a pressing need for us to spend out and spend down for the sake of funding movements in order to see people living in healthy, equitable, and sustainable communities in our lifetime? As some of us move to spend down, are there others who might not be ready, but would be excited to participate in innovative longer-term plans that transfer wealth over time to sustain the stamina, momentum, and wins of liberatory movements to achieve freedom and justice for all?

**LET’S GET TO WORK**

Now is the time to feel excited about what a windfall of resources might mean for the successful democracy-saving work of movement practitioners who have a track record of integrity and real relationships with a directly impacted base. These efforts are led by folks with lived experiences shared by marginalized and targeted communities. Now is the time to have conversations inside philanthropy about your best and highest use: to spend money or trickle it out, and for the sake of what? Strategy? Or perpetuity for its own sake? Now is the time to build the inside/outside organizing strategy we have dreamed of, to identify our roles and responsibilities, and move money for the sake of resourcing life-saving work as though we want our people to win.

We trust that we have made our point. We need a multisector strategy for spending down. This strategy will require collective clarity on where we believe progressive and radical philanthropy ought to be going, but will also require collective clarity on—as well as coordination and collaboration in—how we will get there. The fundamental value of our strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria. More so than perhaps any other goal strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria. More so than perhaps any other goal strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria. More so than perhaps any other goal strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria.

Finally, we would like to be clear about our vision for where such a strategy would lead. As abolitionists, the voluntary decommissioning of multiple iterations of philanthropic institutions will require that we take the project of funder organizing more seriously than we ever have. If we are to move past sound bites, this is the conversation we need to have.

As funders, we believe progressive and radical philanthropy ought to be going, but will also require collective clarity on—as well as coordination and collaboration in—how we will get there. The fundamental value of our strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria. More so than perhaps any other goal strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria. More so than perhaps any other goal strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria. More so than perhaps any other goal strategy will not be in the goals it sets, or the criteria it articulates, but in the efficacy of the organizing efforts that will be required to achieve these goals or satisfy these criteria.

For Kataly, spending out means shifting power by moving resources into communities with the intention that those resources generate returns that recirculate within the community. Instead of accruing wealth and concentrating power within a single institution, communities build their own systems for wealth, well-being, and sustainability, and create shared prosperity for everyone.