

# Chapter 3

REACHING CONCLUSION: 2018 TO 2020

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## Sooner Rather Than Later

*The S. D. Bechtel, Jr. Foundation Spend-down Journey*



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This chapter reports on the Foundation's final years and carries perspective on major programs and operations across the spend down. It follows a prologue to the Foundation spend-down decision, a first chapter chronicling the activation of the spend-down model, and a second chapter describing the evolution of the Foundation's infrastructure and major initiatives during the central spend-down years.

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Lauren B. Dachs**





## Chapter 3 | Completing initiatives and operations

### **The S. D. Bechtel, Jr. Foundation conducted its final years with sustained purpose, needed flexibility, and belief in the future of the fields it served.**

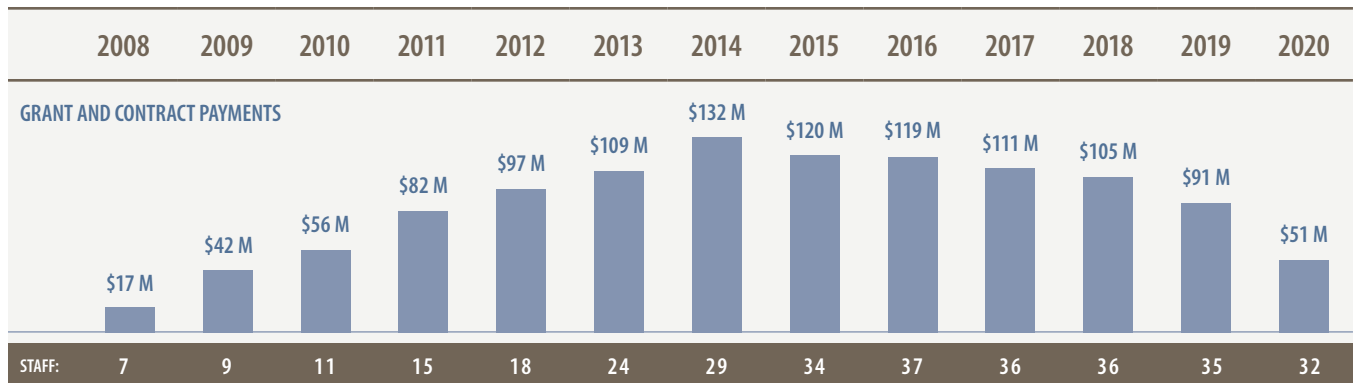
Launched with a handful of grants for education and local community projects in 1957, the Foundation grew over five decades to become a sizable, regionally focused charitable organization. Early in 2009, the Foundation's Board of Directors committed all assets to address critical challenges facing California. This action combined bold aspirations with an end date for impact, setting in motion a cascade of grantmaking and operating decisions that would define the Foundation in its spend-down era.

Stephen D. Bechtel, Jr.'s desire to address water issues, land conservation, youth development, and math and science education, all personal interests informed through Foundation grantmaking experience, proved a starting point for what would become more than \$1.1 billion in program investments across the dozen years of the spend down. The bulk of these funds supported Education Program and Environment Program initiatives that were researched, designed, implemented, and concluded in this timeframe.

The Foundation team marshaled considerable resources toward a strong finish in 2018 to 2020. They aimed to achieve culminating progress with major programs, position grantees and colleague funders to carry crucial work forward, disseminate knowledge to benefit the nation's grantmakers and nonprofits, and prepare staff for career transitions. Their plans could not anticipate seismic events in 2020: The public health, economic, and educational crises caused by COVID-19, the national reckoning with racial justice arising from the killing of Black Americans, and historic wildfires in California.

## Working at scale through conclusion

“With less than three years remaining in the Foundation’s lifecycle, our staff size, expectations for impact, and energy remain strong,” wrote Lauren B. Dachs, Foundation president, in spring 2018. The intent to maintain a robust level of program activity and supportive operations in the Foundation’s final years is reflected in the data below.



Program expenditures in the spend-down era can be grouped in three horizons – the spend-down activation years of 2009 through 2013, the peak investment years of 2014 through 2017, and the concluding years of 2018 through 2020. As illustrated through the “grant and contract payments” annual totals above, program expenditures rose, reached a crescendo, and declined in these respective timeframes. In each year of the spend down these expenditures far exceeded the norm for prior years, as evidenced by the 2008 figure.

A Foundation staff size of seven expanded to 37 at the height of the spend down, and held at more than 30 positions until late in the Foundation’s end year.

These financial and human resources were deployed, in tandem with continued attention to operational infrastructure, to pursue what board and staff deemed the highest, most enduring outcomes attainable. The process of discernment was an ongoing exercise in balance as the Foundation weighed the status of major programs and grantees, the evolving contexts and emergent opportunities in the fields where they worked, and the remaining funds and time available.

This chapter begins with reporting on the strategies enacted by internal functions essential to the Foundation’s concluding years. It then addresses key program activities and outcomes in these years. All topics are framed within the broader contours of the Foundation’s history and approach to the spend down, and carry perspectives from people leading this work.



## Ramping up, then winding down: Internal capabilities

Institutional capacity was fortified to support and amplify impact from the steep increase in program expenditures across the dozen spend-down years. An Effectiveness team was created to advise on grantmaking strategy and practice, advance evaluation and learning, activate strategic communications, add bandwidth supporting program staff and the president's office, and then orchestrate the Foundation's focus on disseminating knowledge in its concluding years. A human resources director was brought on board to engage with staff and shape offerings that would boost professional development and facilitate career transitions as the Foundation closed shop.

The finance group engineered processes and policies to accommodate unpredictability in Foundation assets and, with active involvement of the board Investment Committee, steer the balance sheet toward zero at the end of 2020. Operations and grants management staff upgraded their technology and systems to enable annual volume that soared more than seven-fold from pre-spend down to the peak program expenditure years. These capabilities enhanced the Foundation's ability to remain a committed and responsive partner to grantees as they faced unimagined challenges in 2020, beginning with COVID-19 and its disruption to the education and environment fields.

The Foundation also assembled a wind-up team, involving staff from across departments to coordinate actions and meet the bevy of legal, financial, and physical requirements associated with ceasing operations.



*Based in San Francisco, Foundation staff supported education programming in California, environment programming in California and the American West, youth character development nationally, and more effective practice by grantmakers and nonprofits everywhere.*

## Effectiveness: Serving the Foundation and strengthening the field

*I thought we needed someone to provide additional knowledge, expertise, and support to programs. In 2012, we were doing logic models and most of us couldn't keep it all straight. We weren't sure of or familiar with the why, how, or what. There were questions about evaluation, too. I kept a running list of issues and I felt that things weren't working as well as they should or could. And I felt I wasn't knowledgeable enough. I kept thinking we needed someone who knew and could provide guidance on what we could be doing so that the grantmaking would be more than unconnected grants within defined fields. And that we needed a provocateur to support staff and be outside of the program teams at the same time.*

– LAURIE DACHS, FOUNDATION PRESIDENT

### Overview

Three years after the decision to spend down and eight years prior to sunset, the Foundation created a new position: director of Organizational Effectiveness (later simplified to Effectiveness). This position would grow into a staff group that enhanced multiple facets of the Foundation's work in the remaining spend-down years.

"We began as an internal consulting unit, bringing expertise in grantmaking, strategy, and evaluation to program teams," stated Barbara Kibbe, who filled the director role early in 2013. "Over time, we expanded to supply a range of knowledge and flexible services to the president's office and all departments." In some cases, Effectiveness staff functioned as generalists, filling gaps, smoothing out workloads, and taking up slack when people transitioned out of Foundation positions. In other cases – as with evaluation and capacity building – the team's specific acumen augmented the skills and competencies of program staff.

At the peak of the Foundation's grantmaking years, the Effectiveness group included four-and-a-half positions within a total staff of 37. The director was a member of the Foundation's Senior Management Committee, and Effectiveness staff worked closely with other support functions such as human resources and grants management to provide dynamic, timely "help that helps" and aid alignment across all of the Foundation's processes and practices.

As the sunset neared, and internal requests for support decreased, the Effectiveness team shifted toward field-facing work. This included collaborating with program teams to share strategies and lessons learned in the fields where they worked, as well as communicating about the Foundation's experience and insights as one of the largest spend-down grantmakers to date.

## First things first

Foundation executive staff and board members were hungry for guidance on how to spend down responsibly. They charged the newly hired director with gathering perspectives from other limited-life philanthropies and seeking inputs from grantees and other actors in the fields where the Foundation focused.

### *Literature review*

By 2013, only a few foundations had published reports regarding their spend-down journeys. However, what could be found yielded some important insights. While far from codified best practice, nine themes emerged from a review of the pertinent literature. These themes were discussed by the Foundation's board in early 2013:

- **Focus.** Spending down creates urgency, and urgency fuels focus. Getting clear about strategies and hoped-for outcomes helps with everything else – from budgeting to staff satisfaction.
- **Flexibility.** High-impact opportunities are not always in view when strategies are developed. And the future of a foundation's resources is uncertain.
- **Systems/operations.** Without good systems – from financial controls and human resources to grants management and communications – program work will sputter, suffer, and slow down. Time is of the essence for foundations approaching sunset, and investment in good systems is not a luxury.
- **Talent.** The right talent is essential – spending down calls for people with skills, experience, and imagination. In turn, the staff needs clarity on direction, incentives to stay as long as they are needed, and help in transitioning when their work is done.
- **Do no harm.** Be aware of the potential for unintended consequences. Long-term support of organizations and fields can create dependencies. Exits – if not thoughtful, deliberate, and accomplished with a focus on building the capacity of the grantees – can actually undo good work or cripple an organization or a field.
- **Communications.** The spend-down message bears repeating. There are multiple audiences with a stake in the process and its outcomes. Communicating well and often with grantees will focus their efforts and right-size their expectations. Communicating with other funders and partners increases the potential to attract attention, commitment, and new resources to a foundation's work beyond its sunset.
- **Assessment and evaluation.** Timely, objective review of a foundation's programs and initiatives, as well as its grantees, can add value at multiple levels.
- **Legacy.** There are many potential legacies of a spend-down foundation, ranging from physical structures to robust fields, strong organizations, field knowledge, insights for other foundations contemplating sunset, and the future leadership of departing staff.
- **Timing.** There will be an arc to the work. Different approaches will be needed for different stages of the spend-down journey – from strategy to exit planning and archiving.

### **External advisors**

As a complement to the literature review, the Foundation's senior managers identified a list of "critical friends" including colleague funders, grantees, consultants, and other experts. The director of Effectiveness consulted with this informal group of 22 external advisors. They were asked how the Foundation could spend down responsibly, do no harm to grantees and fields, and make a real difference with the opportunity ahead. Their inputs yielded the following recommendations:

- **Be clear, consistent, and transparent in communications**, sharing more (and more often) about the Foundation's goals and trajectory as plans evolve and commitments are made.
- **Commit to leaving organizations and fields stronger** and to helping others learn from the Foundation's approach to capacity building and field building.
- **Take a bolder, more public stance**, using the Foundation's status as a major funder to call attention to the issues and opportunities that the Foundation hopes to address.
- **Create partnerships that endure beyond 2020** so that other funders will be invested and stay the course after the S. D. Bechtel, Jr. Foundation sunsets.
- **Connect grantees** and encourage them to learn together, collaborate, and support one another.
- **Plan now for the end**, thinking ahead about the issues of the out years, such as the potential for a Foundation archive.
- **Tell the Foundation's spend-down story**, adding to the slowly growing number of examples others can draw on – and moving the field a little closer to forming best practices for exits and spend downs.

These recommendations, along with insights from the literature review, were highly influential within the Foundation. In some cases, these inputs reinforced existing commitments to capacity building, field building, and other strategies. In other instances, inputs pointed to new opportunities for impact through the Foundation's spend down. Taken together, this information helped crystalize the need for the Effectiveness team to address field-facing as well as internal goals.



## Foundation strategy and grantmaking

*The spend-down lens had a lot to do with getting us more focused. We needed to put some stakes in the ground – a North Star – about outcomes and intended impact and drive toward them intentionally and in a much more focused manner. We needed to adjust and change the way we worked given the sunsetting of the Foundation and the significantly larger grants we were making. We wanted to move from direct service to addressing complex systems and looking for solutions in a more defined manner.*

– LAURIE DACHS, FOUNDATION PRESIDENT

### Getting focused

In its first year, the Effectiveness team facilitated a strategy refresh that resulted in program consolidation, refocusing the Foundation's efforts for its remaining years. It was a rapid-cycle, iterative process meant to translate the concepts that underpin logic models and theories of change into strategies, measurable outcomes, and action plans aligned with the arc of the Foundation's spend down and its anticipated scale of available resources.

The process included an analytical look at each existing or proposed line of program work. The Effectiveness team joined with program staff to examine past efforts and future possibilities. Together, they considered the external context for and timeliness of opportunities to advance or catalyze change by 2020, as well as the extent to which each possibility meshed with Mr. Bechtel's wishes. Through facilitated team discussions a range of issues were explored, and recommendations were developed for review by executive staff and the board.

Several strategic choices were made or reinforced midway through the process, providing planning assumptions that set the stage for the Foundation's Education and Environment teams to develop detailed program plans. These assumptions were communicated to staff in spring 2013 as follows.

- The Foundation's two overarching goals relate to education and the environment in California. In both areas, the Foundation will work to advance systems change.
- The Foundation's overall theory of action relates to strengthening the link between policy and practice in service of statewide impact.
- The Foundation will shift away from support for direct service to pursue four complementary and interdependent approaches to advancing its goals:
  - Model building. Identifying, piloting, and/or developing and proving promising practices.
  - Policy and advocacy. Informing dialogue and supporting advocacy organizations working in the Foundation's issue areas.

- Field building. Supporting research and infrastructure to diffuse knowledge, scale proven models, and/or advance policy.
- Capacity building. Working to build the overall effectiveness of grantees in an effort to leave them positioned for ongoing impact.
- Education program work will focus primarily on STEM in grades K–8.
- With the countdown to sunset, the Foundation will immediately begin to exit grantee relationships responsibly.
- The Foundation will move away from funding smaller direct service and grassroots organizations and double down on funding larger organizations (including intermediaries and collaboratives) that already have significant capacity and reach.
- There will be a high bar for adding new grantees to the Foundation’s portfolio.
- The Foundation will look for synergies and collaborate with other funders when it makes sense to do so.
- Capital grants can fit within the Foundation’s theory of action if they are providing scale to great programs, or if facilities are significant factors in improving outcomes.
- The Foundation will explore what it means to take its work and impact statewide.<sup>1</sup>
- Learning communities/communities of practice can be a good approach to building the capacity of a network.
- The Foundation will commit to deeper research and evaluation to make sure that: 1) there is a rich knowledge base in each of the fields where the Foundation works; 2) the Foundation is supporting best-in-class programs; 3) the Foundation is doing its own work well; and 4) the Foundation is able to leave behind a legacy of learning that others can build on.

By summer 2013, the Foundation made the determination to focus on nine major initiatives – winnowing focus from consideration of 26 potential lines of work. The intense, iterative three-month planning process stretched staff, but was deemed the best option given the urgent need to get focused as quickly as possible and allow the longest runway for Foundation grantmaking and influence. “For a time, we were drinking from a fire hose,” recalled Laurie Dachs. “We weren’t sufficiently staffed, weren’t ready. There were times when I thought we were going to bust apart at the seams.”

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<sup>1</sup> Foundation leadership considered opening a southern California office but ultimately decided against it due to: 1) the extra expense for duplicative infrastructure, and 2) the challenges of ensuring staff cohesion while growing the team in two locations.

### ***Building grantmaking tools and norms***

Once it was clear *what* the Foundation would work on, the Effectiveness team turned its attention to supporting the growing program staff with the *how* of effective grantmaking. The Effectiveness group created a suite of aligned tools for grantmaking, linking grant proposal guidelines with due diligence processes and staff recommendation templates, introducing the concept of SMART objectives, and developing templates to support reflection and learning from both active and closed grants. For example, with a focus on defined strategies, the Foundation was fast moving toward making larger grants to fewer grantees – a circumstance that created the potential for unhealthy dependency on the Foundation’s funding and partnership. To address this challenge, each grant recommendation brought forward by staff was required to include a section on risks and mitigations in which grantee dependency was considered along with other potential risks.

The Foundation staff expanded briskly in 2013 and 2014, adding 11 positions and moving toward its spend-down high of 37 full-time equivalents. Most personnel had no prior experience in philanthropy, and there was a need to ensure that all program staff had a shared understanding of grantmaking best practice. Early trainings offered by the Effectiveness team were aimed at providing tools and establishing norms for due diligence, monitoring, convening, and collaboration – as well as capacity building and field building. Outside experts were engaged to train and coach program staff on how to review nonprofit financial statements and budgets.

By the end of 2013, with the partnership and support of colleagues across the Foundation, Effectiveness staff had:

- Developed the Foundation’s first process map for making a grant, detailing steps for consideration and the process for approval.
- Created sets of aligned grant proposal guidelines, grant reporting requirements, templates for staff grant recommendations, and a process for reflecting on grants to encourage learning from program activity as it unfolded.
- Delivered training on many basic aspects of grantmaking and on specific new tools and processes as they were developed.
- Launched “Effectiveness Resources,” a curated digital library of articles, tools, and other reference materials for program staff on topics ranging from strategy and planning to due diligence, evaluation, and change management.
- Engaged an outside consulting firm to review and update the Foundation’s website and initiate internal conversation about strategic communications.
- Developed and piloted Version 1.0 of a guide for boosting nonprofit resiliency, encouraging program colleagues to think with their grantees about what capacities should be built or enhanced to ensure that these organizations remain strong after the Foundation’s exit in 2020.



### **Providing program services**

Subsequent to this training period, the Effectiveness team offered program colleagues support that included advising and taking on overflow work as requested, activities that might otherwise have been sourced to external consultants. As an internal unit, Effectiveness staff had familiarity with the context and content of Foundation program areas, existing relationships with program staff, and the ability to provide prompt service with no delays for contract negotiations when support was needed. The team's motto for those years was "providing help that helps." Key contributions featured advising, just-in-time research, and support for managing and monitoring final grants.

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**Advising.** On request, Effectiveness staff would supply counsel on topics ranging from grantmaking to working with consultants. The intensity of these partnerships varied in accordance with program needs. At times, Effectiveness staff acted as light-touch *resource providers*, quickly connecting program staff with publications, tools, or referrals. In other cases, Effectiveness team members served as *ad hoc advisors*, pitching in to assist with a specific task or helping navigate a challenging situation. Occasionally, Effectiveness staff assumed the role of *guides by the side*, walking hand-in-hand with program staff and committing significant hours in full partnership on a project from start to finish.<sup>2</sup>

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**Just-in-time research.** To help program staff maintain focus on major initiatives, the Effectiveness team provided as-needed research services. A research associate was available during a three-year period to gather and synthesize insights for the Education team on topics ranging from the state of market dynamics for public school teachers to assessment tools for professional development in youth development organizations, and for the Environment team on subjects as varied as ecosystem supports and field building. The research associate also created retrospectives on several of the Foundation's concluding lines of work.

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**Managing and monitoring final grants.** Clarifying program direction for the remainder of the spend down brought the challenge of making final grants to organizations working outside of the Foundation's focus areas. The Effectiveness team held responsibility for closing out relationships and funding for more than 100 Foundation grantees, including a number of long-term partners. In many cases, final grants included support for building new skills and capabilities to help organizations weather the loss of a major funder. By managing close-out grants, the Effectiveness team was able to relieve program colleagues of basic grant monitoring so they could focus on the large-scale, systems-change efforts prioritized in the strategy refresh.

Throughout the spend down, the Effectiveness team remained small. Its reach was augmented at times by outside consultants who lent added expertise or a fresh perspective as needed.

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<sup>2</sup> Effectiveness staff are grateful to their peers in the Effective Philanthropy Group at the William and Flora Hewlett Foundation for developing and sharing this helpful taxonomy to describe the various roles internal consulting units can play.

## Exit practices

*One of the many challenges is: How do you help ensure you're not leaving grantees, partners, and fields in the lurch as you exit a body of work? You're putting a lot more out, and there's a natural propensity to make larger commitments in the final years, which would be creating more demand. How does that demand get filled when you depart? How do you do it in a way that doesn't do damage to the organizations and fields?*

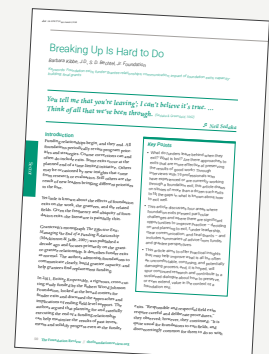
– SPEND-DOWN ADVISOR

Funding relationships begin and they end. All grantmakers periodically revisit program priorities and strategies. Course corrections can and often do include exits. For a spend-down philanthropy like the S. D. Bechtel, Jr. Foundation, understanding how other funders had accomplished responsible exits seemed essential. Yet, the 2013 literature review showed that very little had been published about exits; even less had been documented about the effects of foundation exits on program work, grantees, and related fields. The little information available was ten or more years old.

Looking for insights, Barbara Kibbe, in her role as director for Effectiveness, began interviewing program staff and leaders of perpetual foundations that had recently ended an initiative or exited a line of work. Likewise, Barbara interviewed grantees who had recently lost a key funder. Insights from these interviews were immediately helpful to the Foundation and were later shared through an article published in *The Foundation Review* called “Breaking Up is Hard to Do.”<sup>3</sup> Working with what was learned through this research, the Foundation awarded generous final grants to the direct-service organizations it was concluding relationships with, in most cases providing grantees with two or three years of flexible funding to ease the transition.

### EXITING WELL: KEY FINDINGS

- Assure strong alignment of mission and goals at the front end of any funding relationship and revisit the question of alignment regularly.
- Commit to dialogue with grantees as well as colleague funders about impending exits, seeking input to help shape the timing and approach to an exit.
- Consider grantee capacity and dependency throughout all funding relationships, and work to build grantee resiliency before an exit becomes necessary.
- Once a decision to exit is made, set aside time and appropriate resources to ease the transition for grantees and protect affected fields.



<sup>3</sup> “Breaking Up is Hard to Do” was published in March 2017 in a Foundation-funded issue of *The Foundation Review* dedicated to the topic of exit strategies.

## Evaluation and learning

Once the Foundation's program strategies and grantmaking approach were in focus, and staff were better equipped to implement priority directions, the Effectiveness team increased its emphasis on evaluation. They explored two core questions: What would Foundation program staff and partners need to learn in order to advance their goals over the course of the spend down and beyond? How could the Effectiveness team best support them? The team formulated seven principles that would guide the Foundation's evaluation investments:

- **Lead with purpose.** Design evaluations with actions and decisions in mind, investing with an intent to ask and answer specific questions, and only when there is clarity about how the findings will be used.
- **Clarify audiences and dissemination plans at the start.** Identify the audience(s) for an evaluation at the outset; put a communications plan and budget in place to ensure that the findings reach that audience.
- **Monitor comprehensively; evaluate selectively and strategically.** Not everything can or should be evaluated. Invest in evaluation only when there is a meaningful use for it.
- **Align purpose and design.** Ensure that evaluations are appropriate to their purpose and context – so they are cost effective and not unnecessarily elaborate. Choose methods and reporting approaches that are well aligned with learning and improvement goals and will be useful to the intended audience.
- **Value and engage stakeholders.** Respect grantees, constituents, and other stakeholders – and the expertise they hold. Partner with them in planning and implementing evaluation whenever possible.
- **Practice honesty and transparency in reporting.** Findings will not always be positive. Failure should be embraced and shared (thoughtfully, in a way that does no harm), so that others can learn from it.
- **Collaborate with other funders.** Partner with other funders in evaluation efforts whenever possible. Collaborative work takes time, but if we learn together, rather than in siloes, we will develop breakthrough solutions to complex problems sooner.

Over the course of the spend down, the Foundation made significant investments in evaluation, ranging from independent studies of major initiatives to support for grantee-led projects and capabilities. In most cases, the Foundation took a decentralized and externally supported approach. Program staff were in the lead, often commissioning evaluation firms to carry out the work or helping grantees build capacity to do so. Effectiveness staff, represented by Ashleigh Halverstadt, the senior evaluation and learning officer, offered advice and support, serving as an internal consultant and thought partner.

In a few cases, the Effectiveness team led evaluation efforts directly, conducting internal projects for program staff or senior leaders, or commissioning external studies on topics of Foundation-wide interest such as capital grantmaking, capacity building, and grantee resiliency.



In later years, as the Foundation developed a more explicit focus on diversity, equity, and inclusion, so did the Effectiveness team. In 2018 and 2019, this team guided significant Foundation investments in the [Equitable Evaluation Initiative](#), a five-year field-building effort designed to reimagine evaluation as a tool of and for equity. Foundation staff embraced the principles articulated in the [Equitable Evaluation Framework™](#) (lightly paraphrased here):

**Evaluation and evaluative work should be in service of equity.** Production, consumption, and management of evaluation and evaluative work should hold at its core a responsibility to advance progress toward equity.

**Evaluative work can and should answer critical questions related to equity.** This includes questions about the historical and structural context for the condition being addressed, the effect of a strategy on different populations and on the underlying drivers of inequity, and the ways in which cultural context is entangled in both the structural conditions and the change initiative itself.

**Evaluative work should be designed and implemented commensurate with the values underlying equity work.** It should be multi-culturally valid and oriented toward participant ownership.

As major evaluation efforts came to a close, attention turned to the field. Ashleigh managed a small portfolio of grants and contributed time to initiatives designed to improve evaluation practice in philanthropy. She also assumed leadership for several knowledge management efforts, helping implement [open knowledge practices](#) and develop an [IssueLab-based archive](#) to ensure that content generated by the Foundation and its partners would remain easily and permanently accessible beyond 2020.

## Special project grantmaking

Following a program staff transition in 2016, the Effectiveness team took on responsibility to support the Foundation's founder and its president in grantmaking related to capital projects and other longstanding interests of Mr. Bechtel that were not otherwise funded through the Foundation's strategic initiatives. Matthew La Rocque, Effectiveness program officer, partnered with Barbara Kibbe in a parallel commitment to document and share [insights](#) about special grantmaking as a ubiquitous but largely unstudied aspect of philanthropy.

### *Managing capital grants*

The S. D. Bechtel, Jr. Foundation made more than 400 grants for capital projects between 1980 and 2020. The aggregate investment reached nearly \$300 million, and some of these grants ranked among the Foundation's largest. Capital projects were part of the Foundation's DNA. Mr. Bechtel's profession was engineering; he and several board members held deep experience with major construction efforts. These leaders had seen firsthand how successful building projects can produce lasting benefits for museums, universities, hospitals, and direct-service organizations. They have also seen what can go wrong.

Through the Effectiveness team, the Foundation partnered with The Atlantic Philanthropies (a fellow spend-down foundation) and MASS Design (a nonprofit design and architecture firm) to create a collection of [resources for capital grantmaking](#) to better equip funders to work with their grantees in ways that improve the likelihood of success with capital projects.

### ***Investing in a healthy democracy***

A second significant area of special project funding during the spend-down years focused on protecting and advancing a healthy democracy. Civic engagement and journalism were areas of ongoing interest to Mr. Bechtel. Emergent threats to democratic institutions in the Foundation’s final years presented opportunities for the Foundation to build on prior investments in these areas and make new grants to support effective government. Grantees were selected based on pragmatic criteria, as the Foundation sought organizations that were:

- Aligned with the Foundation’s mission and values.
- Working toward nonpartisan aims.
- Able to achieve meaningful progress by 2020.
- Able to benefit from modest, short-term investments.
- Supported by partner donors.

## **Knowledge creation, retention, and access**

### ***Conducting original research***

Between 2013 and 2020, Effectiveness team members took on original research, writing, and tool building. Priority was placed on projects that would add value to the Foundation’s program work in real time, fill gaps in the literature on effective philanthropy, and/or help in identifying or developing promising spend-down practices.

More than a dozen [original works](#) were published in these years. The range of topics included strategy, evaluation, nonprofit organizational resiliency, capital grantmaking, the effective use of consultants, and responsibly exiting grantee relationships.

### ***Exploring the question of archiving***

As the Foundation planned for its sunset, leaders considered establishing an archive. A knowledge management and archiving task force, with members spanning departments including Effectiveness, was created four years before closing to examine this question in context of what the Foundation should leave behind. What that task force learned about archives is distilled in an essay, [Keeping what counts: Should limited-life foundations create archives?](#)

After research and deliberation, the Foundation chose not to establish a formal archive. It instead decided to focus on sharing learning and insights about philanthropic practice and its grantmaking areas, with a primary intent to inform the efforts of colleague funders and nonprofits.



## Supporting philanthropy-serving organizations

The Effectiveness team also led a set of grants to philanthropy-serving organizations, supporting these entities as channels for building knowledge and advancing practice. Grantees included the National Center for Family Philanthropy, the Center for Effective Philanthropy, the Center for Evaluation Innovation, the Equitable Evaluation Initiative, Grantmakers for Effective Organizations, Candid, and the Johnson Center and its peer-reviewed publication, *The Foundation Review*. These grantees were well positioned to strengthen the field of philanthropy and its practitioners with regard to spend downs and exits as well as aspects of grantmaker effectiveness.

A summer intern joined the Effectiveness team in 2018 and updated the 2013 literature review on foundation exits and spend downs. The review was aimed at uncovering fresh insights into how spend-down foundations were thinking and writing about a range of pertinent issues: capacity building, funder collaboratives, working with consultants, capital grants, and foundation archives. In marked contrast to only five years prior, resources and writing about exits and spend downs had blossomed since 2013.

### EXITS AND SPEND DOWNS: PUBLICATIONS AND PLATFORMS FUNDED THROUGH THE FOUNDATION

#### Grantmakers for Effective Organizations (GEO)

What Does It Take to Spend Down Successfully?

#### Center for Effective Philanthropy (CEP)

A Date Certain

#### National Center for Family Philanthropy (NCFP)

Peer learning network on strategic lifespan;  
Knowledge Center

#### *The Foundation Review*

Exit Strategies





## Strategic communication

*The Foundation came late to the realization that communication is a part of impact. In the spend-down years, the stakes were high and we were trying to effect durable systems change. We are more proactive now, leveraging what we have learned and becoming an organization of influence. We now see that documenting and sharing what we learn is part of what we should leave behind. As this commitment evolved, we came to rely on an external firm and created more and more substantive content.*

– LAURIE DACHS, FOUNDATION PRESIDENT

The year 2014 brought a shift in the Foundation’s historically limited interest in external visibility. Leaders began to view strategic communication as a vehicle to amplify the enduring impact of Foundation investments and engaged an outside agency, Williams Group, to help activate audience outreach. In 2016, the Effectiveness team assumed responsibility for this body of work in partnership with Williams Group.

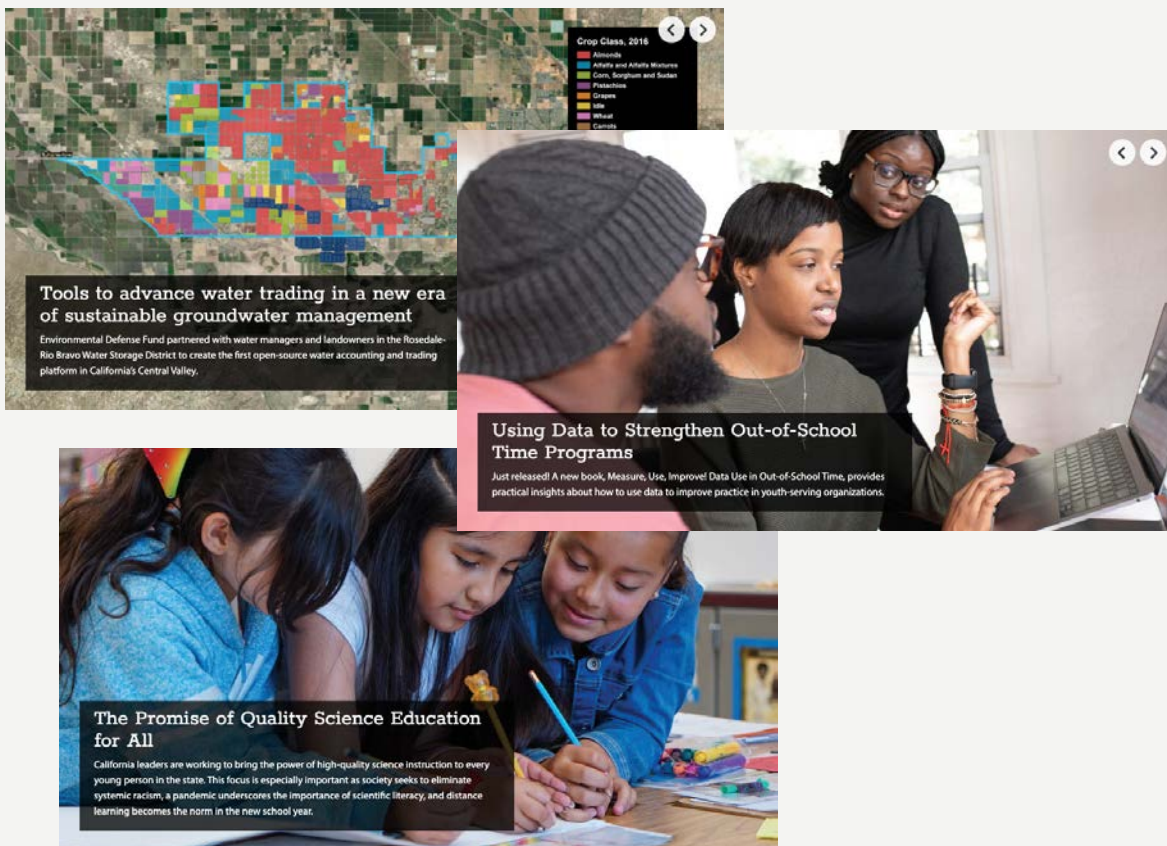
Staff began to package and disseminate core program strategies and lessons learned, spotlight the successes and innovations of its nonprofit partners, create tools and resources that address gaps in philanthropic practice, and document and share the Foundation’s journey as a limited-life grantmaker. A revamped website and email campaign software expanded audience engagement with Foundation-generated messages and products.

The volume and reach of communication activity grew through conclusion. The years 2018 to 2020 were particularly fruitful as the Foundation mined its experience to leave behind knowledge that could benefit others – especially practitioners and funders in the education and environment fields, foundations implementing or considering a spend-down model, and organizations and networks dedicated to advancing the impact of philanthropy.

The Foundation published snapshots documenting each of its priority program areas. These summaries described the Foundation’s approach, progress, lessons learned, and opportunities for other funders in each respective arena. More complete and nuanced narratives were also generated by program staff who directed major areas of investment. These reflections convey the depth and outcomes of multi-year strategies, accompanied by lessons learned through Foundation and grantee experience. Snapshots and reflections appear throughout Chapter 3.

In the final years of the spend down, the Effectiveness team made a concerted effort to disseminate the articles, reports, and tools that had been developed by the Foundation. In addition to building out the Foundation’s website, partnerships with field-serving organizations were forged to ensure ready access to the Foundation’s publications post sunset. The result is that these resources, as well as tools related to effective philanthropy in general and responsible exits in particular, can be accessed either through the National Center for Family Philanthropy [Knowledge Center](#) or Candid’s [IssueLab](#). All self-published works have been [openly licensed](#); each has been assigned a [Digital Object Identifier \(DOI\)](#) to ensure that it will remain easily and permanently accessible.

In its concluding month, the Foundation also published via its [website](#) the series of reflection letters included in this Chapter – penned by President Laurie Dachs as well as Education Program Director Susan Harvey, Environment Program Director Joya Banerjee, and Effectiveness Director Barbara Kibbe.



*Foundation communications went to a new level in the concluding year, featuring knowledge dissemination and highlights that amplified the efforts of grantees.*

## HELPING COLLEAGUES DO MORE. HELPING PHILANTHROPY DO BETTER.

*Concluding reflections from Barbara Kibbe*

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The Effectiveness function represented one of many experiments undertaken by the S. D. Bechtel, Jr. Foundation as it worked toward audacious goals while spending down responsibly. With no field handbook or codified set of best practices to guide the process, the Effectiveness team was looked to for a combination of expertise and nimbleness. Foundation President Laurie Dachs envisioned us as a resource that could move with and add to program teams and all staff as they addressed emerging needs, took risks, iterated, and learned.

As chronicled in the preceding pages, each stage of the spend down presented its own needs and opportunities. There was nothing static across these years as the Effectiveness team was called upon to adapt and pivot to meet emerging circumstances. We experienced inevitable false starts with some of our internal endeavors: consulting relationships that were less than successful, research projects that hit dead ends, and some training programs that didn't fully meet the needs of participants. We also had proud moments when we served this Foundation well, including facilitating spend-down focus through the strategic refresh; building knowledge about exits and spend downs; dialing up evaluation and learning, as well as strategic communication, as tools of impact; and productively leading a portfolio of special grants.

Our team was tasked with embodying a proactive stance for this Foundation with regard to encouraging knowledge sharing. Effectiveness staff, and indeed, our colleagues across the organization, listened carefully to advisors who recommended that the Foundation become more visible and influential in its spend-down years. In retrospect, their guidance seems prescient. The Foundation has benefited greatly from – and contributed to others through – preparing and circulating lessons for fellow foundations, nonprofits, and other partners. Yes, there are miles to go before the field has promulgated best practices for grantmaker exits and spend downs. Still, the amount of knowledge – and spirit of openness to learn together – have been enhanced and enriched in recent years.

In the Foundation's final year, COVID-19 struck. How could the organization finish strong in this context? What value could the Effectiveness team offer? We invested in updating the Foundation-funded study on nonprofit resiliency, charting how a diverse group of organizations that embrace resiliency principles weathered the immediate effects of the pandemic. Pivoting one last time, the Effectiveness team also offered training in scenario thinking and strategic foresight to interested grantees and funders, with an intent to better equip them to make decisions in what looks to be an increasingly volatile and uncertain future.

It has been my pleasure to be part of this team and the remarkable journey of the S. D. Bechtel, Jr. Foundation. I share good wishes for all as we embark on the next chapter accompanied by two of my favorite questions: What's Next? and What If?



BARBARA KIBBE  
DIRECTOR, EFFECTIVENESS

## People: Engaging, retaining, and supporting staff

In 2008, prior to the decision to spend down, the Foundation had seven staff positions. This number expanded steadily as the Foundation increased its workload in the spend-down years, reaching a peak of 37 positions in 2016.

Late in 2016, four years prior to sunset, the Foundation created a director of human resources and administration position and hired Teri Cirillo in this role. The decision to add human resources (HR) expertise to the senior management team was made with an intent to develop and implement a plan to engage, retain, and support staff, including helping them prepare to transition at the end of 2020.

Teri began by conducting interviews with every staff member, asking what attracted them to the Foundation and what their typical workday and week was like. Each person was encouraged to talk about their experience of the Foundation's culture and the challenges ahead for the organization and for themselves. Teri also asked what they hoped the HR function could do to help with their journey over the next four years.

She heard about staff needs for greater flexibility in work schedules; a wide range of work-related development interests; the growing importance of diversity, equity, and inclusion to Foundation staff and to the work of philanthropy; and a desire for clarity about how staff would be supported through their transitions.

The findings from those interviews and related steps to surface staff priorities led to a comprehensive program of supports and services, a range of policies, and new ways for staff to engage with senior management and each other.

### THE FOUNDATION'S FOCUS ON PEOPLE DURING THE SPEND-DOWN YEARS

- Flexibility in work schedule and setting
- Professional and career development
- Diversity, equity, and inclusion
- Transition assistance
- Managing unexpected transitions



## Flexibility in work schedule and setting

Historically, the Foundation had an office-based culture with traditional business hours. In 2016, staff were permitted to telecommute one day per week. Leaders valued the informal, cross-departmental connections and collaboration that on-site work seemed to encourage. Through learning initiated by the HR director, the Foundation developed a deeper understanding of the individual needs of staff, and the importance of flexibility to support and retain them.

In 2017, the Foundation conducted an anonymous staff survey regarding scheduling, telecommuting, and family care needs. The findings led to a range of updated benefits and policies. In 2018, the Foundation introduced flexible schedules, allowing staff to work non-traditional or reduced hours. It also implemented personal days to supplement existing personal time off (PTO) days, providing additional time away from work for staff who needed to care for an ill family member or to celebrate religious or cultural holidays. In 2019, worktime flexibility was further expanded to include the option to telecommute two days per week, as well as the ability to take periods of unpaid leave.

Ensuring that people had the tools to work remotely was essential to these expanded policies. The Foundation's operations and grants management team played a critical role in developing the systems and information technology to enable successful virtual work.

### REMOTE WORK AS THE NORM

The transition toward greater flexibility, tools, and processes supporting off-site work helped prepare Foundation staff, culture, and operations for the major disruption created by COVID-19. The Foundation enacted 100% remote work in March 2020. In June, with staff input, Foundation leaders made the difficult decision to not reopen the office through the Foundation's closing in December.

## Professional and career development

The Foundation's board and executive management viewed staff members as core to this philanthropy's legacy. "We reinforced two principal goals for the final years," said President Laurie Dachs. "We wanted to do excellent work, and prepare our staff to be successful in their next chapter."

Investing in staff development was considered a must-have, not a nice-to-have. This emphasis was driven not only by a need to retain staff, but also by a commitment to invest in their futures and their leadership in the fields where the Foundation conducted grantmaking. The spend down provided a unique opportunity for people to explore and experiment with their next career steps with the full support of the organization – countering more traditional circumstances in which staff do not have a pre-declared end date and there is little transparency between employee and employer regarding transitions.

In the Foundation's final years, Teri Cirillo facilitated a cross-functional staff group to advise leaders on key supports for professional development, career development, mentoring, and coaching. With input from this group, the Foundation created strategies and developed a menu of developmental offerings to help staff prepare for transitions. The organization:

- Established clear career pathways to support advancement within the Foundation for staff in every department.
- Shifted toward performance development focused on continuous coaching rather than performance reviews; this approach was rooted in the StrengthsFinder framework, which takes an asset-based approach to professional development.
- Implemented two-year rather than one-year work plans to help all envision the arc of work leading to sunset, with attention to staff development and transition needs.
- Supplemented support enabling staff to participate in self-directed, role-related professional development (e.g., conferences and workshops), placing an even greater focus on self-selected resources as sunset approached and asking managers to practice a "culture of yes" in considering staff requests.
- Created a Leadership Development program – a series of workshops offered in partnership with external trainers/coaches (Mahogany Consulting and Rise Group); the series included parallel tracks for managers and for individual contributors and featured half-day sessions on topics such as change management and inclusive leadership.
- Brought in external trainers to offer a range of optional professional development opportunities for all staff, such as public speaking workshops and time-management training.
- Leveraged staff meetings as another space for development, occasionally hosting guest speakers on topics ranging from trends in philanthropy to scenario thinking to mindfulness; a Staff Development Committee was formed to design these meetings with input from all staff, offering additional leadership and facilitation experience for these Committee members.
- Devoted significant time and resources, beginning in 2018 and continuing through conclusion, to staff development in diversity, equity, and inclusion.
- Created the Career Development Fund, providing staff with up to \$2,500 in 2017 and up to \$3,000 annually in subsequent years to invest in career development activities of their choosing, such as education in a new field or career coaching.
- Contracted Next Step Partners to provide career transition services in the Foundation's final two years, including optional staff workshops on vision/values, personal marketing, networking, and interviewing; each staff member was also offered unlimited, no-cost one-on-one coaching for a period of two months and the option to pay for additional coaching at a discounted rate.

- In 2019, implemented a policy allowing staff to spend time on career development during work hours, recognizing the need for people to begin investing more time in transition preparation.
- In 2019, introduced an option for staff to participate in paid secondments – supporting projects or processes in a different Foundation department, or working on a part-time or temporary basis with a grantee or other organization involved with the Foundation’s priority program areas.

## Diversity, equity, and inclusion

The Foundation had a history of investing in efforts aligned with diversity, equity, and inclusion (DEI), including support for women and people of color in engineering and for public education in underserved communities. However, equity was not an explicit focus of the Foundation’s early spend-down strategies. In late 2017, in response to staff interest, the Foundation hosted its first organization-wide workshop on DEI. This event opened dialogue around these topics and a desire to go much deeper.

Leaders wrestled with whether and how to embark on a DEI learning journey given the size of the undertaking and the few years remaining to sunset. “We wondered whether we could go down this path with relatively little time left,” recalled Teri Cirillo. “We were advised that you need to be careful; it’s challenging and can be painful work and we didn’t want to leave people raw. But we knew we wanted our people to be successful and have cultural competency for what’s next.”

Laurie Dachs spoke to the implications of engaging in DEI efforts. “This is hard work psychologically and emotionally,” she said. “It’s disruptive in a good way in terms of growth and understanding. It’s disruptive in a tough way because it sets you back on your heels for a while.”

The Foundation opted to move forward, recognizing that DEI was mission-critical work and important to staff. The organization was committed to do as much as possible in its final three years to help staff prepare to be inclusive leaders in their next roles. In 2018, a Diversity, Equity, and Inclusion Committee was formed to lead the effort. This group identified three goals:

- 1 Support staff to grow as individuals and professionals, building the skills needed to be inclusive leaders beyond 2020.
- 2 Strengthen the Foundation’s culture to be more inclusive and equitable.
- 3 Explore the role of DEI in the Foundation’s work with existing grantees and strategies.

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*We wondered whether we could go down this path with relatively little time left.*

– TERI CIRILLO,  
HUMAN RESOURCES

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Through a Request for Proposals process, the Committee hired an external partner to lead the engagement. With the support of this consultant, the Foundation completed an organizational assessment, followed by four days of all-staff DEI training, and two additional days of training for senior leadership. In 2018, the Foundation also partnered with Mahogany Consulting to provide a standing offer to all staff to complete the Intercultural Development Inventory (IDI), a validated assessment of cultural competence, and to participate in a one-on-one debrief/coaching session to help each person understand their results and develop a plan for strengthening their ability to work effectively across differences. In 2020, staff had the opportunity to take the assessment a second time – so each person could better understand how they were progressing.

In 2019, staff continued their learning by bringing a DEI lens to the Leadership Development program referenced above, hosting content-specific DEI learning opportunities within teams, and offering optional learning opportunities for any staff who wanted to go deeper (e.g., participating in a workshop focused on allyship). Some staff elected to use their professional or career development resources to pursue DEI learning.

In 2019, the Foundation also formed, through a democratic process co-created by all staff, the Inclusion and Engagement Advisory to consult with senior leadership on opportunities to strengthen the Foundation’s culture.

Staff also launched the Women of Color Affinity Group and healing circle, which made space for women of color at the Foundation to discuss how to navigate and thrive in a monocultural system. It involved personal and professional development, group coaching, and peer support to promote personal agency, self-efficacy, emotional intelligence, and empowerment – focused on helping participants navigate and succeed in the workplace, including dealing with the emotional tax placed on women of color through workday dynamics. “I have really appreciated the Women of Color Affinity Group,” stated Amanda Miller, senior operations specialist in the Education Program. “I think it was important for the Foundation to support that group as a safe space for bonding and belonging.”

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***I think it was important for the Foundation to support (the Women of Color Affinity Group) as a safe space for bonding and belonging.***

– AMANDA MILLER,  
EDUCATION PROGRAM

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### IN PRACTICE: HOW DEI MADE THE FOUNDATION BETTER

An intentional approach to DEI served the Foundation, its people, and its grantees in important ways throughout the concluding years. Three primary strands of progress stand out.

➤ **Supporting staff development.** The Foundation provided a range of opportunities for staff to deepen their awareness, understanding, and skills around DEI. Staff members engaged at different levels and each took what they needed to grow. The work was transformative for many, and it shaped future career plans for some.

➤ **Strengthening culture.** Even in the context of a spend down, there was some degree of significant change in the organization beyond individual learning and development. The Foundation's culture became more participatory. Distributed leadership efforts gave significant facilitation and leadership responsibilities to staff to plan organization-wide workshops, retreats, and social events, leading to broader recognition of skills and contributions across the full staff team. Staff also had significant input into the professional and career development offerings brought forward by the Foundation.

➤ **Bringing a DEI lens to grantmaking.** Though the Foundation's original intent weighted more toward preparing staff for the next phase of their careers than toward shifting grantmaking strategies, the journey did ultimately impact program work. Staff initiated DEI-focused grantmaking in Education, Environment, and Effectiveness.

The effort that led to the above outcomes was continuous and evolved over several years. It was grounded in support by the Foundation's president and other senior leaders who brought their own energies and openness to the process, including engaging in learning and dialogue with all staff.

## Transition assistance

In 2016, development of a severance pay and/or retention bonus policy was identified as a top priority by both Foundation leaders and staff. The Foundation started financial planning for a Transition Assistance Fund that year, with intent to ensure that staff had resources and time to find rewarding next-stage careers as the Foundation reached its sunset. Leaders explored questions regarding the form of this support, including how it would be calculated and whether it would vary by job type. They examined the pros and cons of severance pay, which protects an employee in case of unexpected termination, versus a retention bonus, which incentivizes employees to stay and protects the employer from unexpected departures.

Given the Foundation's intent to conduct vigorous program and operational activities through conclusion, the associated need to retain staff, and the realities of a competitive job market in the Bay Area, leaders settled on a hybrid approach. Individual staff members would be eligible for transition assistance that incorporated elements of severance pay and retention bonuses. The amount for each person would be calculated using a uniform formula based on years of service and base salary at the time of departure.

The Foundation worked with a third party to perform compensation analysis to ensure that its policy complied with regulations regarding reasonable compensation set by the California Office of the Attorney General. As the policy took shape, there was discussion among leaders regarding what information to share with staff and when. Would it motivate and assure staff to know about transition assistance years before conclusion, or would focusing prematurely on the end date demotivate and distract people? The Foundation chose to share news of the policy early, even before all the details were worked out, and then provide more specifics as they were defined over time. With this approach, leaders opted to give staff the comfort of knowing there would be a safety net, seeking to reduce any anxiety people might feel about the sunset and allowing them to focus on their current work priorities. Underpinning this approach was a viewpoint holding that staff had a right to know what transition assistance would be available, so they had clarity on what they were signing up for in the Foundation's concluding years and could make informed individual choices regarding their employment.

## Managing unexpected transitions

The Foundation experienced some earlier-than-anticipated transitions when team members found career opportunities that were too good to pass by. In a few cases, with new employers involved in the Foundation's fields of activity, the hiring organization was amenable to a gradual transition. In these instances, the staff member would incrementally move into their new role – e.g., stepping down from full-time Foundation work to 80% for a period of weeks or months, then to 60% employment for a time, and so forth until the shift was complete. This continuity was helpful to the Foundation and its programs, though the transitioning staff member often found it challenging to juggle dual roles.

With each transition, the HR director facilitated an internal process to redistribute workloads and clarify roles and responsibilities for remaining staff. This approach helped ensure that work was properly reallocated, resolve anxieties and uncertainties among team members impacted by a departure, and give affected staff a voice in determining how their duties might change due to a transition.

### WHAT DID STAFF VALUE?

In spring 2020, the Foundation surveyed all staff about the array of retention strategies implemented to learn what was most important to them. Key findings are summarized here.

- Financial incentives, especially the Transition Assistance Fund, base compensation, and retirement contributions, had the greatest influence on staff retention.
- Efforts to improve workplace flexibility, attention to diversity, equity, and inclusion, and professional and career development all played significant roles in retaining staff.
- Policies permitting telecommuting and non-traditional/alternative hours were especially important; other supports for flexibility carried different relative weights of meaning to individuals.
- Staff rated the overall shift in organizational culture related to DEI as highly influential in their decision to stay.
- With respect to professional and career development, staff said they benefited most from self-directed efforts, including the ability to participate in role-related professional development on their own and the ability to spend time on career development during work hours. The creation of career pathways was also key for some.

Staff were asked to rate 30 different retention factors on a five-point scale in terms of how influential each was to their retention. Notably, responses ranged from “not at all influential” to “extremely influential” for almost every factor. A retention strategy that was irrelevant to one staff member may have been the single most important factor to a colleague.

Retention strategies are, at their core, about meeting people’s individual needs. The Foundation’s key takeaway was that retention strategies must be diverse, flexible, and responsive to staff feedback. Priorities were shaped in direct response to staff input gathered by the HR director about three years prior to the Foundation’s conclusion. This responsiveness and the resulting multi-layered approach to retention, more so than any individual strategy, enabled the Foundation to remain fully staffed until sunset.

## Financial management

Across decades, the Foundation supported its grantmaking through a well-diversified investment portfolio, seeking the best possible returns with a moderate level of risk. This approach served the organization well over the long term. As the spend down progressed, the Foundation's financial goal shifted from generating returns to ensuring timely availability of liquid assets to support grantmaking.

This shift in objective coincided with a positive, yet complicating, financial circumstance: After the decision to spend down, Mr. Bechtel continued to contribute significant new funds, often through multiple gifts per year. As a result, the Foundation endowment grew even as grantmaking expanded significantly. Between 2009 and 2013, program expenditures increased from \$42 million to \$109 million annually; these years also saw the endowment grow from \$229 million to its ultimate high point of \$421 million.

Over the course of the spend down, Finance staff, in close collaboration with the Board of Directors and its Investment Committee, managed these additional contributions, reduced the portfolio's exposure to risk, and prepared the organization for an orderly close out.

## Managing new contributions

Finance staff planned for and administered additional contributions through continual coordination with Mr. Bechtel. Most of these new gift dollars were invested in liquid funds or other instruments with relatively short maturities, and an estimate of funds available for program expenditures was updated frequently. Program staff in turn drew on their deep involvement in select education and environment arenas to build strategies that could "accordion" – positioning the Foundation to put an influx of new dollars to work in ways that held fidelity to core program criteria.

This process was ongoing throughout the spend down, as Mr. Bechtel made sizeable new contributions each year through conclusion. These additional contributions also provided the Foundation with cash management flexibility because the Finance team did not need to sell or liquidate investments to fund grantmaking in the early years of the spend down.

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*We had a somewhat special situation in that we were managing an endowment and also still receiving substantial gifts from my dad. Our program teams built an approach to grants that could expand if more money became available. Of course, this meant that we had to be careful not to get out ahead of ourselves in making multi-year grants.*

– LAURIE DACHS, FOUNDATION PRESIDENT

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## Reducing risk and increasing liquidity

In the Foundation’s final years, “liquidity became the primary concern,” said Laurie Dachs. By 2016, the Foundation had sold all its public equity holdings and stopped committing to longer-term private equity investments. With most of the portfolio in short-term fixed income investments, Foundation leaders had confidence in their ability to meet grantmaking and expense projections.

In 2016, staff completed a thorough financial analysis and forecast of the Foundation’s economic resources through its 2020 sunset. This scenario planning yielded a baseline projection that was then recalibrated at least once each year to ensure that the organization was on course to meet annual spending targets.

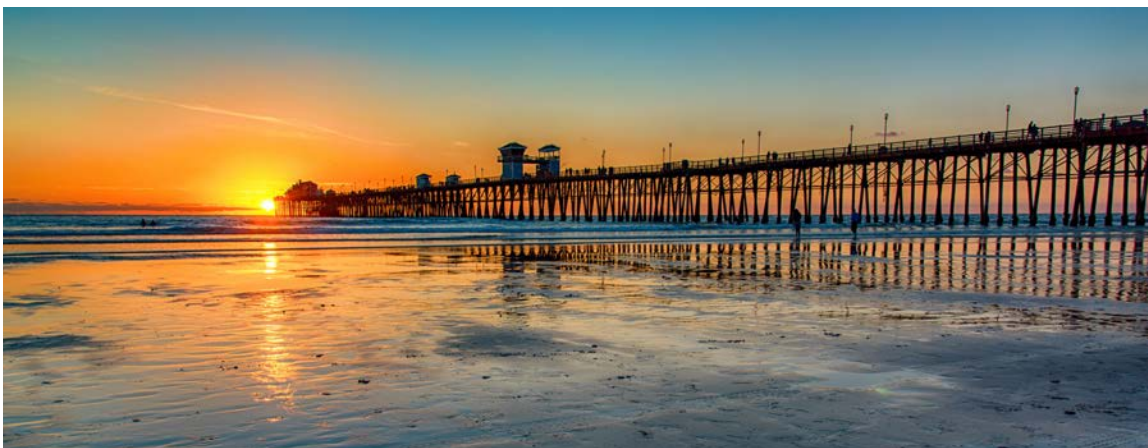
During its final years, the Foundation’s spending projections and liquidity were very well aligned. Remaining illiquid assets were converted to cash and the endowment declined over these years largely as planned.

## Funding operations through closeout

In 2017, the Foundation implemented a careful process to identify all that would be involved in winding up its enterprise. Related costs were estimated and included in expense projections. As sunset drew nearer, the Investment Committee increasingly examined how much to hold in reserve.

Prudent financial management helped ensure that staff could stay employed until the Foundation closed in December 2020. Foundation budgets were based on the premise that *all* staff would remain to the end. This cautious forecasting proved wise as a high percentage of staff continued employment until late in this final year.

While concluding grants were issued and operations ceased in 2020, Foundation reserves accounted for expenses beyond that year. This included Transition Assistance Fund payments for staff who remained at the Foundation to or near to its closing, costs associated with final tax returns, and other outlays unique to spending down. For example, legal dissolution could not take place until 2021, and the Foundation also planned to maintain trailing liability insurance for a period following its close.



## Steering finances in the spend down: Five key factors

Deborah L. Duncan, board member and Investment Committee chair, and Martha Nye, director of finance, reflected on their experience, and the Foundation's strategies, in a summer 2020 interview. They highlighted several elements that characterized this spend down.

### 1 *A long time horizon*

When the Foundation extended its closing date – originally slated for 2016 and then, in 2011, reset for 2020 – it allowed sufficient time to chart a sound financial management course and minimize the impact of inevitable surprises along the way. “Foundations usually invest with a long-term, almost infinite time horizon,” said Debbie Duncan. “In a spend-down context, it was very important for us to think about the time horizon and helpful that it was longer than just a few years. We did not need to sell investments quickly at the outset. The timeframe of more than a decade increased the Foundation's influence, work, and focus without sacrificing returns in the early years.”

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### 2 *Careful, continual planning*

The Finance team had a cash and liquidity planning schedule that forecast contributions, investment returns, grant payments, and other expenses. This schedule helped guide analysis of when to begin de-risking the Foundation portfolio – shifting from a focus on returns to a focus on cash management. Making this move at the right point in the spend down was important, as it took some time to convert private, illiquid investments. Quarterly updates to forecasts aided decision-making in the Foundation's concluding years. “Hats off to our program teams for their commitment to budgeting, and our grants management team for organizing our budgets and grant forecasts,” said Martha Nye. “Those efforts enabled the Foundation to effectively manage its cash.”

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### 3 *Strong relationships with investment managers*

The Foundation's lead investment advisor, Monticello Associates, made recommendations consistent with the board-approved investment policy and benchmarked the financial performance of investment funds. The relationship between the Finance team and Monticello was critical to achieving the Foundation's desired risk profile and effectively managing the portfolio over time. There was strong communication regarding cash needs and the timing thereof, and ongoing consideration of how available choices would affect investment returns within the Foundation portfolio.

#### 4 *Willingness to embrace flexibility*

The Foundation navigated a dynamic tension as it strove to be conservative with forecasting – seeking to ensure availability of sufficient funds for contingencies and final commitments – while also avoiding large surpluses that would need to be spent hurriedly before the organization closed. The Finance team found it helpful to expect the unexpected; across the spend-down years it dealt with major new contributions from Mr. Bechtel, the emergence of unanticipated costs at sunset, unpredictable investment returns, and more. “It’s important to have a plan, but it’s also important to remain flexible,” observed Debbie Duncan. “Things will change. Flexibility is the key to spending down successfully.”

#### 5 *Clarity of purpose*

As staff and the Investment Committee focused on carefully stewarding the Foundation’s funds, they maintained clarity of purpose. “We had to match our financial assets to the trajectory of grantmaking,” said Martha Nye. In summing up the Foundation’s overarching approach to financial management, Debbie Duncan described a portfolio that was designed to support the Foundation’s objective of granting maximum funds in a limited timeframe: “Financial management was driven by the grantmaking as opposed to the other way around.”

#### **SELLING PRIVATE EQUITIES**

The Foundation had built a substantial portfolio of illiquid private investments prior to the decision to spend down. It then needed to convert those investments to cash that could be used for grants. The Foundation pursued secondary market transactions to sell pieces of this portfolio when it became clear that holdings could not be liquidated by the end of 2020.

“Selling portions of the illiquid portfolio was a lot of work, but also a lot of fun,” recounted Martha Nye. “Unfortunately, some of these investments had to be sold at a discount but that was minimized as much as possible.” With active involvement of the Investment Committee and support from a knowledgeable broker, these intricate private equity sales were completed over a one-year period.

## Operations and grants management

Administering grants and related processes involved all Foundation program areas and departments. This cross-cutting work was led by the operations and grants management team – a group also responsible for information technology, which the Foundation sourced to a third party.

The Foundation invested in improving its grants management and operating systems, tools, and processes to expand capacity for the sharp increase in activity and dollars during the spend down. Decisions to continue investing in improvements as the Foundation neared conclusion brought forward platforms and practices that facilitated flexibility for grantees and staff amid the upheaval of 2020.

*Spending down probably helped light a fire to roll out improvements more quickly. We always had to weigh whether it was worth it to introduce new technology, balancing the time remaining before sunset with the cost and usability of new functions.*

– LUCY NGUYEN, DIRECTOR OF OPERATIONS AND GRANTS MANAGEMENT

In 2018 and 2019, the Foundation upgraded its grants data, grants portal, and document management systems, enhanced videoconferencing capabilities, and set up software supporting online board communication and meetings. The most significant shift involved migrating to GivingData, a comprehensive, cloud-hosted grants management platform. A year-long process of planning, data clean-up, data mapping, beta testing, and training was guided by a Foundation-wide task force. The fruits of this labor included improved grant payment and budget tracking, scenario planning, workflow and task management, and grant monitoring. Grants data, records, and forecasts could be accessed in real time and by all staff, supporting program planning and cash management decisions.

The GivingData platform launched in tandem with a new cloud-based document management and storage system, SharePoint. Both changes altered work process and culture for an organization that was largely paper intensive. Training and adoption were sequenced in stages, aided by individuals who prepared to facilitate the transition in their respective departments.

As staff throughout the Foundation grew proficient with GivingData, operations and grants management personnel worked with the finance team to introduce a digital workflow process. This approach complemented the Foundation's increasing quotient of work-at-home days by enabling staff to review and sign off on grant-related matters from remote locations. The automated workflow mimicked the routing of a traditional hardcopy grant packet with the added benefit of making grant information accessible to all staff, promoting increased transparency and better coordination of efforts across program teams.



The Foundation's desire to be transparent also extended to public audiences. Grants information was available via the Foundation website, which used the Foundation Maps platform offered by Candid. Grants were searchable by geography, program area, and other attributes.

Investments in grants management, information technology, and workplace flexibility paid added dividends as Foundation staff moved to a fully remote work mode due to the COVID-19 pandemic in spring 2020. This abrupt transition brought additional procedural changes, including enacting electronic payments in place of issuing paper checks to grantees and vendors, and using AdobeSign for e-signatures on grant agreements. Staff meetings and work sessions shifted to virtual formats, as did board meetings. The operations and grants management group led trainings in use of virtual meeting technology, including techniques for facilitating groups online, helping all staff prepare to work from home, remain connected, and participate in staff and board meetings.

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#### **SUPPORTING STAFF GIVING**

From 2017 to 2020, Foundation staff made more than 100 gifts annually through a long-standing match program. The Foundation amplified staff contributions in these years with more than \$680,000 in matching funds. Through 2019, the Foundation match was 2:1; in 2020 it became 3:1, and corresponding paperwork was streamlined through the simple requirement that staff provide a receipt for each gift. Eliza Veronda, as administrator for grants management, had an inside view on this giving. "I think it's amazing that the Foundation was willing to match so many employee gifts," she said. "I felt a lot of pride processing these knowing that there are many people and organizations that need help."

In 2017, the Foundation began a discretionary gifts program, providing each employee with an annual opportunity to designate a contribution to one or two charities of their choice. The amount each person could gift was raised from \$1,000 to \$2,000 in 2020. Staff were enthusiastic about this offering and all participated each year. In total, the Foundation enabled employees to award more than \$170,000 to causes they deemed priorities. Many found the program especially relevant as California experienced significant wildfires beginning in 2017; several directed gifts to organizations working on the ground to serve affected communities.

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Operations and grants management staff also partnered with the Effectiveness team to develop the Foundation’s approach to knowledge management and archiving – creating protocols for purging, maintaining, and retaining grant documents. Their analysis led the Foundation to decide against establishing a formal archive at a library or research center. In reaching this conclusion, staff chronicled some of the pros and cons of archives in the earlier-referenced [essay](#) written for other limited-life grantmakers. With advice from legal counsel, staff also devised a plan for archiving documentation that the Foundation is required to retain for ten years following dissolution, including contracting with a data and records management firm to hold these documents.

Nimbleness was an essential trait in the Foundation’s final year. The operations and grants management group anticipated workload increases as the Foundation moved through 2020. The organization’s need to operate virtually, and desire to respond to grantee needs as the pandemic took hold, created unforeseen demands for this group. Its capacity was supplemented through adding a part-time position, and by reallocating time available from a program team operations specialist.

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#### **WIND-UP TEAM**

The Foundation pulled together individuals across departments in 2017 to plan for the cessation of operations. Known as the “wind-up team,” this group’s action agenda gained steam in 2019 and 2020. Those years featured multiple strands of work, including inventorying and arranging for disposal of furniture, equipment, and artwork; purging and preparing Foundation files for storage; synchronizing timing for liquidation of investments with grant commitments and expense obligations; taking steps to end licenses, subscriptions, and the office lease; and preparing for activities such as final tax filings that would carry into 2021.

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## Inside the spend down: Staff perspectives

In late summer 2020, Foundation staff discussed themes and attributes they deemed important to the Foundation's spend down and conclusion. Their perspectives are reflected in this and other sections of Chapter 3.

### Spending down presented a unique professional opportunity

Foundation staff carried out the spend down knowing that for most it would be a once-in-a-career experience. Being part of a limited-life philanthropy brought excitement and uncertainty to their work. The Foundation was pursuing big aspirations with grantmaking resources that were magnitudes above the levels available before 2009. While this circumstance was compelling, there were no guarantees that multi-year goals could be reached in, and sustained beyond, the Foundation's tenure. Staff also worked with the certain knowledge that their employment could not extend beyond December 2020.

Many drew inspiration from the novelty, possibilities, and ambitions of the Foundation's decision to invest all assets sooner rather than later. "One thing that attracted me to working at a spend-down philanthropy was the fact that there was a finish line," said Matthew La Rocque, Effectiveness program officer. "It created a sense of urgency to set bold goals and strive for them as the clock ticked down."

Greater funds spelled new opportunity for program scale, and staff found it thrilling to work on large, multi-year initiatives in issue areas they held close to their hearts. "The fact that, as a spend-down foundation, we were able to invest significantly more funding meant that we could have systemwide impact," stated Jana Luft, Education program officer. "I was able to be part of a team that set out to create significant change in how California prepares the majority of its teachers."

The Foundation's growing footprint in the education and environment fields provided program team members with access to thought leaders and changemakers. "Some of the professional opportunities that I've been able to have – being a part of these really large systems-based initiatives – I don't think I would have had at most foundations that are in perpetuity," said Stanze Quezada, Education associate program officer.

The spend-down years were imbued with fresh problems that stimulated the professional energies of staff in all departments. For example, Barbara Cartier, the Foundation treasurer, recalled: "I decided to stay with the Foundation to the end because of the challenges . . . for example, to help manage the sale of private equity."

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*One thing that attracted me to working at a spend-down philanthropy was the fact that there was a finish line. It created a sense of urgency to set bold goals and strive for them as the clock ticked down.*

– MATTHEW LA ROCQUE,  
EFFECTIVENESS TEAM

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## The limited-life model also carried trade offs

The combination of relatively large aims and few years placed heightened demands on staff. “The sense of urgency of working to spend down is a double-edged sword,” said Lucy Nguyen, director of operations and grant management. “We had to act, grow our staff, and ramp up operations at high speed. Because we needed to do the work in a short period of time, that caused some challenges and frustrations along the way.”

While the Foundation found ways to improve operations throughout the spend down, it also faced practical considerations regarding how much and whether to invest in internal structures in the final years. “Especially toward the end, we were more hesitant to implement new operating protocols, software, and hardware,” noted Amanda Miller, senior operations specialist for the Education team.

For program teams, commitment to staying the course with priority strategies came with a flipside. The Foundation’s dedication to core grantees and initiatives in the concluding years meant that there were fewer opportunities to fund new nonprofits, design next-stage programs, or translate hard-won learning into creative solutions that required time to implement. The Foundation had always operated with a hunger to notice and lean into emerging opportunities; application of this attribute tapered as the spend down progressed. “There was a real narrowing of focus, and we had to constrain ourselves,” said Gary Knoblock, Environment senior program officer.

In 2020, the paucity of remaining discretionary dollars conflicted with staff’s instinct to do everything possible to support grantees facing crises in the Foundation’s final year. While everyone expected that the Foundation would lack significant new grantmaking dollars in 2020, no one anticipated the strain most grantees would encounter beginning in spring with the COVID-19 pandemic. Having limited discretionary funds in a time of heightened nonprofit need was difficult for a staff steeped in the Foundation’s grantee-centric mindset. Rebecca Goldberg, senior program officer for Education and a leader of the National Character Initiative, shared this perspective: “Our whole strategy was based on investing in major youth-serving organizations’ internal capacity so that they would be stronger in the long run. It was heartbreaking seeing their national office and local affiliate business models fall apart in the wake of COVID-19 when schools and youth programs were forced to shut down. Staff were drastically cut, and programming came to a halt. While no one was expecting this level of devastation to the field, the infrastructure and quality improvement work the Foundation invested in will be crucial as these organizations reemerge from the pandemic, open their doors again to youth, and train new and returning staff.”

## Support for career development and transition was vital

As the spend down unfolded, the Foundation’s executive team and board grappled with the dual desires to maximize available grant dollars and to invest in staff development. Staff members felt, and valued, an increasing commitment to professional growth and transitional supports as conclusion approached. Many cite career development as a hallmark of the spend down. “I personally have never worked anywhere that gave so much focus to professional development,” said Sarah Pugada, senior administrative assistant. “I’m really appreciative of that.”

The array of professional and career development offerings described earlier in this chapter, including supports for skill development, networking, mentoring, and more, mattered to staff. Several also benefited from expanded opportunities for new responsibilities and advancements that came with the final years. “Spend-down foundations do have a unique opportunity to flatten the organization as they approach the sunset,” said Peter McElroy, Education associate program officer. “And that can provide really terrific opportunities for staff.”

“On internal committees, we sought to learn, push the Foundation to be better, and develop professionally and personally, despite the fact we were in spend-down mode,” said Angelica Dongallo, grants manager. “Frequently, when we thought about doing something new, we would ask, ‘Is it too late?’ And yet, we forged ahead. The act of trying to be and do better – both for our staff and grantees – has been really inspiring.”

Lucy Nguyen added, “I think the spend down gave our staff incredible opportunities to take different types of projects and to grow professionally and even get promoted probably at a much quicker pace than how most nonprofits and foundations operate.”

The common knowledge that all staff who intended to continue careers beyond 2020 would need to secure new employment created an empowering atmosphere. “It provides a lot of opportunity to be really thoughtful about my next step, and to have more open conversations with people than I probably would ordinarily get to have,” said Stanze Quezada. “It gives me space to take some risks.”

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*Frequently, when we thought about doing something new, we would ask, ‘Is it too late?’ And yet, we forged ahead. The act of trying to be and do better – both for our staff and grantees – has been really inspiring.*

– ANGELICA DONGALLO,  
GRANTS MANAGEMENT

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## **Diversity, equity, and inclusion added meaning to the concluding years**

Staff expressed that DEI efforts brought profound value to them, and the Foundation, in its final era. The Foundation’s willingness to undertake this journey, open itself to change, and expand beyond an internal focus to support grantees in their practices held special importance. “The case for supporting staff professionally was strong. But making shifts in our grantmaking and culture would have been easy to avoid, given that we had little time ahead of us,” said Ashleigh Halverstadt. “Did we make as much progress as we would like? No. Was it painful? Yes. But I think it’s worth telling other spend-down foundations that it’s never too late to begin this work.”

Lucy Nguyen, director of operations and grants management, concurred: “The DEI work was challenging and fraught, but I’m glad that we did this. There were small wins and big wins along the way.” Added Joya Banerjee, Environment Program director: “It would have been easy to say, ‘This is too hard or too late.’ But we put one foot in front of the other. I’m proud that this Foundation showed up to the DEI conversation and found ways to do that work that made sense for us in the arc of the spend down.”

Staff members felt better equipped to be empathetic and supportive of each other, and of grantees, as the major events of 2020 unfurled. “The work we had done around diversity, equity, and inclusion helped us adapt and respond in a thoughtful, intentional, and appropriate way,” reflected Teri Cirillo, director of human resources and administration.



## Reaching the finish line in a time of pandemic

None of the Foundation's carefully constructed plans for conclusion anticipated a final nine months spent working remotely. Investments in grants management and information technology, and experience with work-from-home arrangements, helped ease the transition to a virtual office as San Francisco sheltered in place beginning in March.

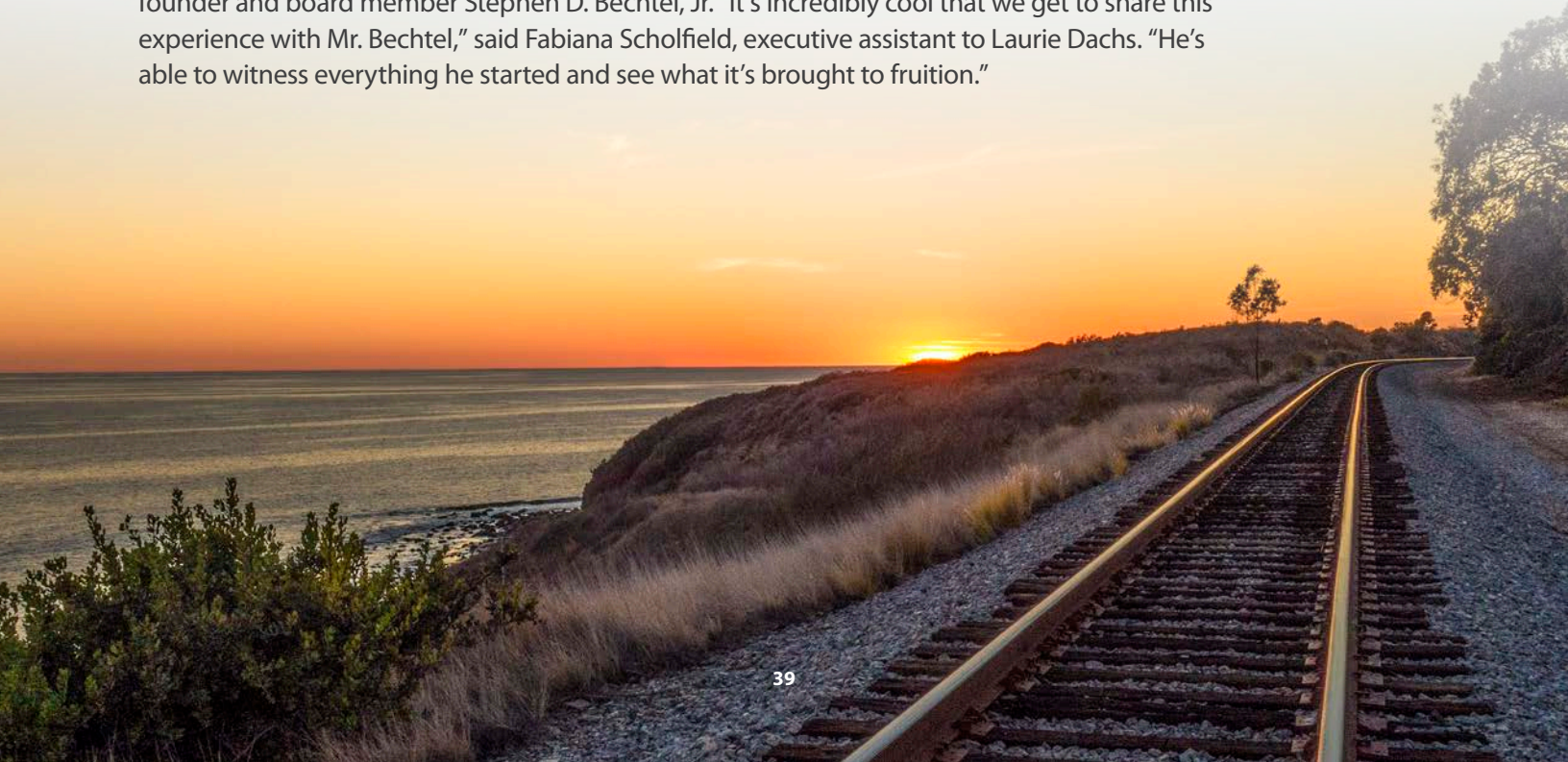
Workloads increased due to the Foundation's imminent conclusion as well as the disruption faced by many grantees, and the inability for staff to be physically together added challenge. "I enjoyed being in the office and having off-the-cuff conversations that could lead to finding ways to better support each other," said Nathalie Lowenthal-Savy, Environment senior operations specialist. "We're not really able to do that anymore." Cherielyn Ferguson, officer manager and human resources associate, commented on aspects of the Foundation culture that were lost when staff shifted to remote work: "In the office we were able to host a lot of activities that brought people together, like all-staff lunches and site visits – and those things added to people's satisfaction."

Staff felt sadness that final goodbyes would need to take place via virtual media. "How do you celebrate something online?" wondered Angie Gutierrez, Foundation Services administrative assistant. "We're all used to seeing each other in person over a meal. It's more difficult to connect and relate virtually."

"This is not the way any of us wanted to finish our final months," commented Laurie Dachs. "It's a tumultuous, poignant, difficult time. But the DEI work gave us a chance to learn how to communicate with each other better and build a sense of trust among us as a group."

Co-workers and teams collaborated via technology and treated remote work conditions as another challenge to be solved. Matthew La Rocque noted that a majority of staff remained at the Foundation through fall 2020 and cited the personal significance of "being able to cross the finish line together."

Staff were also moved by the opportunity to conclude Foundation operations alongside founder and board member Stephen D. Bechtel, Jr. "It's incredibly cool that we get to share this experience with Mr. Bechtel," said Fabiana Scholfield, executive assistant to Laurie Dachs. "He's able to witness everything he started and see what it's brought to fruition."



## Purposeful and adaptive: Foundation programs in the finishing years

The Foundation implemented program expenditures totaling \$247 million in the years 2018 through 2020. Grants were largely directed toward completing Education and Environment initiatives and building the capacity of others to continue their work beyond the Foundation’s conclusion.

Long-standing Foundation principles, together with approaches honed through application in the spend-down era, grounded the work of program staff in these concluding years. Deep engagement and relationships with grantees were at the forefront of their efforts. Emphasis on diversity, equity, and inclusion became more visible and expansive in grant strategies.

Years of planning, evolution, and hopes for culminating progress and momentum met with the reality of where grantee organizations and their fields stood at the end of the spend down. The Foundation was steadfast in keeping its financial commitments, and staff were creative in providing other supports, as the unprecedented events of 2020 brought acute challenge to the leaders, nonprofits, and networks the Foundation helped nurture.



*The Foundation’s final months unfolded amid the public health, economic, and educational crises created by the COVID-19 pandemic, the social uprising to end racism, and epic wildfires.*

## Working through, and for, grantees

Respect for grantee organizations, and belief in their ability to solve issues and accomplish big aims, was a through line in the Foundation’s history. “We trust them to do the work,” said Arron Jiron, associate director for the Education Program. “We trust them to tell us what they need.”

Many established connections went to a new level as the Foundation neared conclusion. “In our final few years, we continued to deepen relationships with grantees, but we also tried to step back with the express purpose of leading from behind and letting the field shape and guide projects,” stated Joya Banerjee, Environment Program director.

As the end of funding grew closer, staff were especially mindful of the Foundation’s deeply held ethic to do no harm to grantees. “There is an inevitable vacuum that they’re going to feel from loss of our funding,” stated Marselle Alexander-Ozinskas, Environment senior program officer. “Still, we wanted to minimize the impact of our departure.”

Attaining absolute closure as the Foundation exited major bodies of work was elusive. “When I joined the Foundation in 2013, the assumption was that the work would have an arc and we would land the plane,” reflected Gary Knoblock, also an Environment senior program officer. “What actually happened is that I am like a kid running with an airplane, and I’m racing right up to the edge of the cliff and will have to let go.”

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*There is an inevitable vacuum that they’re going to feel ... still, we wanted to minimize the impact of our departure.*

– MARSELLE ALEXANDER-OZINSKAS,  
ENVIRONMENT PROGRAM

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## Bringing an explicit diversity, equity, and inclusion lens to grantmaking

The Foundation’s internal emphasis on DEI carried over to grantmaking approaches between 2018 and 2020. Staff probed how its remaining grants and commitments could look different when viewed with an explicit interest in equity – and explored how impact could be realized in just a few years.

The Environment Program had always focused on stewarding water and land resources in ways that supported inclusive access for all Californians. Yet, staff recognized that many grantee organizations lacked diversity in leadership and staffing – and that the future resilience and effectiveness of these nonprofits relied on their being relevant to all Californians. The Environment team acted on this analysis by launching an initiative to support grantees’ work on equity and inclusion, knowing that it only had time to help these nonprofits begin the changemaking process. “The goal was to plant deep seeds and hope they would grow after our exit,” said Marselle Alexander-Ozinskas.

Funding awarded to the Equitable Evaluation Initiative represented an evaluation field-building investment several times larger than any the Foundation had made previously. This multi-year effort envisions a new paradigm in which evaluation is conceptualized, implemented, and utilized in a manner that promotes equity. “Evaluation tends to be thought of as a values-free exercise, but it’s not – and it shouldn’t be,” stated Ashleigh Halverstadt, senior evaluation and learning officer on the Effectiveness team. “Evaluation should be in service of a more just world.”

STEM education initiatives, designed to improve instruction in math and science, aspired to affect student outcomes in underserved school districts across California, benefiting youth from communities of color and low-income households. The Foundation's concluding years offered opportunity for greater visibility and heightened actions supporting social justice in public education. For example, in June 2020, California State Superintendent of Public Instruction Tony Thurmond announced Foundation-supported initiatives to address implicit bias and racism through trainings involving all 2,500 California Department of Education employees.

"Being more intentional with our equity work gave us more credibility and opened new possibilities with our grantees," said Susan Harvey, Education director. Lisa Lomenzo, Education senior program officer, added: "In the Foundation's late years, the Education team made grants that were more about the conditions for learning. We got broader in the kinds of grants we made and were more attentive to the whole of student and family circumstances."

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#### **TOWARD AN INCLUSIVE ENGINEERING WORKFORCE**

The Education Program was built on antecedents that focused squarely on equality – including grantmaking efforts originated by Mr. Bechtel to help open the engineering profession to women and people of color. For example, he was a major supporter of MESA in the 1970s; that organization was born out of concern for the lack of opportunity for African American students and is focused today on helping underserved and underrepresented students achieve success in STEM studies and careers.

Mr. Bechtel was a founder of the National Action Council for Minorities in Engineering, the largest provider of scholarships for students of color pursuing degrees in schools of engineering. He was also an early supporter of the Society of Women Engineers, the world's largest advocate for women in engineering and technology. Foundation grants assisted these and other organizations, including the National Society of Black Engineers, established in 1975 and now comprising nearly 16,000 active members in the U.S. and abroad.

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## Staying the course in a turbulent concluding year

The Foundation had issued most of its culminating grants early in 2020 – before COVID-19 took hold in the spring. By fall, distance learning was the norm for California school districts. Nonprofits across the education and environment fields were reeling from, or bracing for, budget shortfalls due to the pandemic’s economic fallout. Catastrophic wildfires were raging in California and the Pacific Northwest. Organizations in all sectors were called to reckon with structural racism.

Across these months of tumult, Foundation staff approached grantee interactions with a primary question in mind: How can we help? “We are actively involved, offering our thought partnership, connections, and collaborative energy,” stated Aaron Dickinson, water program associate.

Flexibility was a watchword for the year. “Being nimble is important,” said Susan Harvey. “Our board has been great about allowing us to adjust and adapt to address problems.” The Foundation extended grant timeframes, considered requests to convert project funds into general operating support, and simplified reporting requirements. It also allocated modest new funding to help select grantees deal with the immediate effects of COVID-19 and plan for long-range recovery.

*The combination and speed of unusual events limited our ability to employ the types of research that typically informed our decision-making. At this moment of crisis, there’s little data or recent experience for us to call on. This is when we veer more toward the Foundation’s risk tolerance, creativity, and optimism.*

– LISA LOMENZO, SENIOR PROGRAM OFFICER, EDUCATION

The Foundation held its devotion to existing relationships and grantee-centric approaches during this time of uncertainty. “Over a number of years, we have developed a strategy and some understanding of the complexity of the fields we support, and of how we can partner with grantees without doing harm,” observed Peter McElroy, Education associate program officer. “We’ve tried to continue doing just that in our final year.”

Years of investment in building peer relationships and supporting strong fields proved especially worthwhile in 2020. As Angelica Ramirez, Education program associate, noted, “Our role is not just to manage relationships; it is to bring relationships together.” When confronted with unprecedented challenges, grantees tapped into networks the Foundation had cultivated to seek out potential solutions and pursue collaborative strategies.

In its final months, the Foundation made a small number of concluding general operating grants. These awards provided flexible funding to organizations whose leaders and track records were well known by the Foundation.

The volatility faced by grantees in the Foundation’s concluding year underscored the importance of its long-standing focus on capacity building.



## Capacity building: A core Foundation strategy

The Foundation viewed support for individuals, organizations, and fields as intrinsic to long-term progress. Achieving results that would endure called for capable changemakers at multiple points within any issue area or system. Helping people and entities grow their abilities to generate impact and adapt to ever-new circumstances was woven into Foundation grantmaking practice for decades, far preceding the decision to spend down all assets.

This allegiance to capacity building became even more consequential as the Foundation transited its spend-down years, addressing complex challenges and pursuing large-scale change through its Education and Environment programming. “The Foundation’s commitment to durable outcomes meant that we needed to think beyond short-term gains that wouldn’t, or couldn’t, be sustained,” wrote Barbara Kibbe, director of the Effectiveness team. “We hoped to leave behind capable individuals, anchor organizations, and fields that outlive the Foundation and continue their work on goals we share.”

Program staff also recognized that grantees would experience disruption when multiple years of Foundation funding came to an end and sought to minimize this disruption. Capacity-building investments therefore aimed to help nonprofits develop capabilities to achieve their respective goals, catalyze systems change, and thrive in the face of inevitable future shocks. The Foundation’s approach featured one or, often, a combination of elements – direct funding, technical assistance from experts, and supports for shared learning and action.

Grants were rooted in the belief that nonprofits, not the Foundation, are best equipped to chart a path to success – and that program staff’s job is to aid these organizations working for change. Trust and long-term relationships proved vital, and rewarding, in this light. “To me, capacity building reflects the best of our values as a foundation and a team,” stated Laurie Dachs, Foundation president. “It’s about how to make boots on the ground as strong, capable, and resilient as possible.”

### THE FOUNDATION’S APPROACH TO CAPACITY BUILDING

- ▶ Embed capacity building in all program design and grant decisions.
- ▶ Tailor supports to context, adapt to change, and allow time to succeed.
- ▶ Use a holistic frame; invest in individuals, organizations, and fields.
- ▶ Cultivate peer learning, networks, and collaboration.
- ▶ Integrate diversity, equity, and inclusion.

## Embed capacity building in all program design and grant decisions

The Foundation infused capacity building throughout its program areas – spanning STEM education, character development, and stewardship of land and water resources. It chose this integrated approach over establishing a discrete staff department, and budget, dedicated to capacity grants. In so doing, the Foundation aligned its practice with its philosophy: Building capacity was inextricably linked to the pursuit of program goals.

Considering the capacity of a potential grantee was part of every grant decision. Program staff would listen deeply to understand what a nonprofit hoped to accomplish and to help them gauge whether they had the ability to do so. “There’s an emphasis at the Foundation on asking questions that help grantees appreciate and tap into their existing strengths,” stated Jana Luft, Education program officer. “We want to help them lean into what is working and use it to go to a next level of excellence.”

Staff sought to navigate the natural tension that can arise when a nonprofit is in quest of significant near-term achievements, such as creating or expanding programs, that can draw resources and mindshare away from longer-term organizational development. By engaging with an organization to consider all its goals, and weigh external and internal priorities, staff could shape grants that ensured attention to capacity building in tandem with program support.

Program teams gained experience with this balanced approach over time, including learning from instances in which both the Foundation and grantee were overly optimistic in viewing how much new work the grantee could activate, and how soon it could achieve results. For example, several nonprofits supported by the Foundation found that strengthening fundraising capacity was more challenging and required more time than first anticipated.

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*We want to help them (grantees) lean into what is working and use it to go to a next level of excellence.*

– JANA LUFT,  
PROGRAM OFFICER, EDUCATION

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*You provide us with more resources than needed to do the job. It’s not just the financial support but the human support – expertise, resources, and passion for the work – that makes a difference. You put your money where your mouths are in terms of building capacity. A spend-down foundation needs to keep that in its core focus.*

– JASON BORN, VICE PRESIDENT FOR PROGRAMS, NATIONAL CENTER FOR FAMILY PHILANTHROPY

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## **Tailor supports to context, adapt to change, and allow time to succeed**

The Foundation recognized that capacity is best examined, and elevated, in context. Every nonprofit operates in a dynamic landscape contoured by public policy, political will, research, practice norms, funding streams, and many other factors. Each has built capacity through a distinct history based on its leadership, programs, budgets, and more. Foundation staff were committed to understanding these circumstances and engaging grantees as co-designers of strategies that served their priorities.

Anticipating and adjusting to new developments is fundamental to this type of contextual approach. Grantees invariably met shifts in their external and internal environments and gained new insights through grant implementation. Dialogue was built into the process. Foundation staff knew that organizational change work is complex and sought to be flexible and supportive as grantees dealt with challenges. All parties collaborated to modify supports as warranted.

This adaptive outlook presupposed that nonprofits need adequate time to initiate, evolve, and lock in improvements. Program staff deemed it unrealistic to expect rapid results, and undesirable to impose rigid linear processes. Long-term relationships with grantees, enabled through multi-year funding commitments, were therefore signature in the Foundation approach.

Program teams believed this iterative way of working with grantees far outpaced a downside: When forecasting budgets, it was difficult to confidently determine the volume and duration of supports that would be required to reach capacity-building goals.

Nonprofit leaders affirmed the Foundation's approach. "The flexibility you offered us to pursue projects that we thought would best build our capability is unusual, if not unique," wrote Max Stier, president of the Partnership for Public Service. "We usually feel like we have to triangulate with funders to get backing for projects that they like versus what we believe we need. We never had to make those compromises with you. You created a relationship of deep trust and transparency with me and the entire organization. I think your impact was enhanced enormously as a result!"

## **Use a holistic frame; invest in individuals, organizations, and fields**

The Foundation believed that enduring program impact required capable individuals, organizations, and fields. All three dimensions merited support because each was necessary to a synergistic whole. This perspective twinned with the Foundation's commitment, especially in the spend-down era, to pursue systems change.

Goals and strategies were generated with up-front discernment regarding the capacities likely needed to succeed. For example, design of the Foundation's multi-faceted water portfolio reflected a big-picture understanding of what was called for to achieve systems change – including considerations for leadership, infrastructure, partnership, policy, practice, and information. Working from this comprehensive frame, the Foundation brought resources to each element.

STEM education initiatives sought to boost the abilities of individual teachers, principals, and school district administrators, as well as teacher candidates and the faculty who prepare them for success in the classroom. Supports for these key players were accompanied by investment in enhanced institutional practices – such as coaching middle schools to adopt an approach whereby teachers collaborate to create science lesson plans, and helping colleges of education apply improvement science techniques to enrich preparation of teacher candidates. STEM initiatives incorporated funding to WestEd to provide formative evaluation supports, helping institutions understand the strengths and weaknesses of their program approaches and inform change efforts.



“We developed projects together that sought to strengthen systems for the long term,” reported Neal Finkelstein, senior managing director at WestEd. “The Foundation invested in the people and agencies who will be in positions of responsibility for the foreseeable future.”

The National Character Initiative was a major investment by the Foundation in elevating the practice and impact of an entire field through growing the capacity of its largest organizations. It featured multi-year grants to the biggest and most visible youth-serving agencies in the United States. Grants focused on improving adult practice and building internal capabilities identified as priorities by each organization.

In some instances, the Foundation took action to bring about new infrastructure that could accelerate and sustain the impact of a field. The Water Foundation was established as a vehicle to help multiple funders and nonprofits align strategies to address urgent water challenges in and beyond the American West. The PPIC Water Policy Center was launched to create a dynamic network of top researchers who can approach California water challenges from a range of disciplines. Foundation grantees were also instrumental in forming the California Water Data Consortium, a nonprofit devoted to enhancing data-informed decision-making in the face of climate change and other pressures on water resources.

“I am really going to miss the S. D. Bechtel, Jr. Foundation in the water space,” said Debbie Franco, senior advisor for Water and Rural Affairs in the California Governor’s Office of Planning and Research. “With the Water Foundation, the Water Solutions Network, and the Water Data Consortium, the Foundation understood that something was missing and filled a gap. Foundation staff constantly considered the landscape and sought to address unmet needs with flexibility.”

*Environment Program capacity-building approaches are further described in this [snapshot](#).*

## WATER SOLUTIONS NETWORK



The Water Solutions Network combined investment in individual leaders with network building and development of field capacity to create change in water management throughout California. This Foundation-sponsored initiative took form as the state faced issues ranging from aging infrastructure and persistent water quality problems to extremes in weather patterns and policy perspectives, and as constituent groups called for more diverse representation in the processes and leaders charged with decision-making.



Launched in 2017, the Water Solutions Network brings leaders from all sectors together to break down silos and help California address its most pressing water challenges. Involvement begins with cohort-based learning as part of an overarching program intent to nurture, over time, an active and engaged ecosystem of water leaders. The Network's goal is to inspire and equip these leaders to cross boundaries, connect resources, and pursue bold action for a sustainable and equitable water future. The first three cohorts, each with up to 26 participants, have reported positive outcomes from their involvement. Several members were appointed to statewide positions as well as promoted to new levels of responsibility within their organizations.

The Network is slated to add cohorts and continue engaging leaders through at least 2023. Coro Northern California provides backbone services for the Network in collaboration with partners and with guidance from a respected cadre of expert advisors assembled from California and the western U.S.

View Foundation [staff reflections](#) on integrated water management solutions.

## Cultivate peer learning, networks, and collaboration

The Foundation's major lines of work typically featured robust network development as a way to build a given system's capacity to tackle multi-dimensional challenges. Connecting key actors involved with an issue area fostered new understanding, promoted working relationships, enabled peer learning, and established a platform for joint efforts.

Education Program initiatives – which, respectively, helped a set of public school districts advance math instruction, another set of districts advance science instruction, a group of universities and their district partners improve teacher preparation, and a cadre of youth development organizations enhance character development – incorporated vibrant communities of practice as a central strategy.

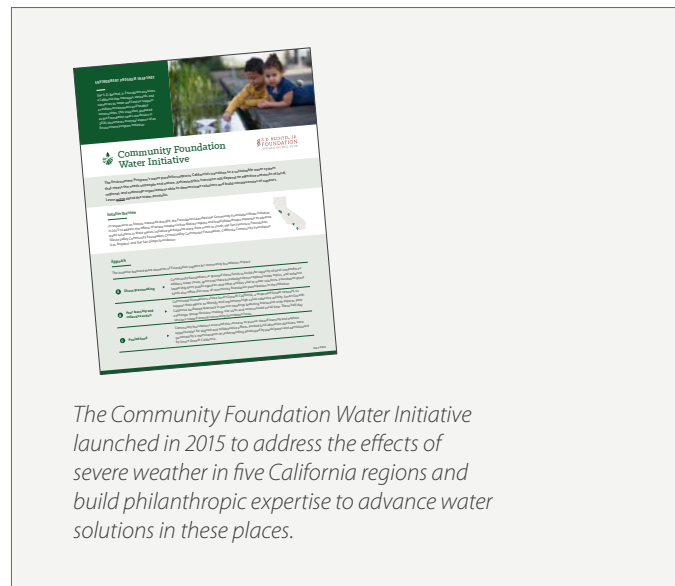


“It’s so important for grantees to have time together because they are often hard pressed to find that time on top of all the other work that they do,” said Jana Luft, an Education program officer for teacher preparation. “And it really did take external grant funding to bring some people together.” Alex Hooker, Education senior program officer for character development, added this depiction: “Our grantees certainly appreciated the direct grant funding they received, but they also valued the communities of practice and network building we supported. These elements came from Foundation staff pushing with our resources and contacts to make the effect of the grants better. This felt like a real value add. It’s an efficient strategy that gets outside the Foundation and into the lives of the people doing the work.”

Sparking collaboration was vital to several Environment Program strategies. Investment in the national Network for Landscape Conservation informed Foundation efforts to seed four cross-jurisdictional partnerships to promote large-landscape stewardship in distinct regions of California. Momentum and energy emerged from these experiments, leading to formation of the California Landscape Stewardship Network.

The Environment team supported capacity building with the more than 90 Resource Conservation Districts in California, in tandem with funding to help raise the visibility of these Districts and facilitate joint actions throughout their network. It also invested in growing the abilities of five regional philanthropies to integrate water-focused strategies in their respective program efforts; this [Community Foundation Water Initiative](#) also helped bring these organizations into a burgeoning group of funders engaged in developing equitable, sustainable solutions to California’s water challenges.

Many grantee cohorts yearned for connection beyond the conclusion of their funding. The Foundation responded by strengthening structures that could propel ongoing relationship development and peer learning. For example, the Foundation helped create the California Partnership for Math and Science Education to enable sustained capacity building and networking throughout the statewide system of County Offices of Education. The Partnership is a vehicle whereby school districts, including former Foundation grantees, can share lessons learned and strategize as they implement California mathematics and science standards.



*The Community Foundation Water Initiative launched in 2015 to address the effects of severe weather in five California regions and build philanthropic expertise to advance water solutions in these places.*

### **BETTER TOGETHER: JOINT EFFORTS AMONG FUNDERS**

Joining with other grantmakers helped the Foundation increase the value of its investments. Staff sought out those who shared the Foundation's view of capacity building as integral to program design. Together, the Foundation and these peer funders could align approaches and coordinate supports for key organizations and fields, and pool resources to accomplish more than any single grantmaker could achieve on its own.

Commitment to capacity building was also a calling card that introduced the Foundation to funders working outside of its primary geographies and issue areas. For example, the Foundation connected with a diverse group of grantmakers through the San Joaquin Valley Funder Collaborative. These funders shared information and explored common objectives for their work in the Valley, which ultimately led to multi-funder programs that included water and land supports.

## **Integrate diversity, equity, and inclusion**

Recognizing that social and racial inequities permeate structures throughout the United States, the Foundation increasingly viewed its work for large-scale change through a diversity, equity, and inclusion (DEI) lens. Inequity needed to be named and addressed as a driving force in the systems the Foundation sought to affect. The Foundation also believed that the individuals, organizations, and fields it supported would be more relevant, resilient, and effective if they reflect and engage the diversity of communities they serve and incorporate an equity analysis in their work.

The Foundation's final years included investments to help several nonprofits assess and take action to advance DEI in their cultures, operations, and programs. For example, in 2019, board and senior staff members from several Environment Program grantees participated in DEI experiential learning through the Center for Diversity and the Environment.

Leaders cited this support as significant and timely. Ashley Boren, chief executive officer of Sustainable Conservation, shared this comment with the Foundation in 2020 amid national outrage at attacks on Black lives: "Because of the DEI training I have a stronger foundation on which to reflect and think through moving forward in an intentional and meaningful way. I also came away from the DEI training understanding that it was just the beginning of a lifelong journey of learning and concerted action on my part which will hopefully contribute to positive change. Some may have asked why you launched a new initiative in the Foundation's last years, but please know you are leaving a lasting legacy for the organizations that participated."

## NATIONAL CHARACTER INITIATIVE



The National Character Initiative, spanning six years and involving organizations collectively serving 24 million youth, focused on capacity building. The Foundation provided grants and an array of non-monetary supports – including expert technical assistance and communities of practice – designed to help each organization achieve its goals for developing character in young people.



The Foundation approach was tailored to context. Introductory grants helped create trust, establish relationships, and illuminate what each nonprofit needed to succeed. Investments in capacity followed accordingly. Each multi-year grant was distinct and represented commitment to the respective grantee. For example, some organizations built data systems to support continuous improvement; others focused on strengthening their fundraising capacity or developing an enhanced strategic plan.

As individual priorities came into focus, common needs emerged. Many grantees were interested in doing a literature review to understand the state of field research, and the Foundation responded by orchestrating a National Academies of Sciences workshop highlighting the most pertinent studies regarding character development and adult practice. This multi-day event led to establishing role-alike communities of practice for leaders within Initiative organizations. Over time, communities were formed around programming and practice, research and evaluation, policy, strategy, and executive leadership. Twice-yearly convenings brought participants together to cultivate relationships while learning from outside experts and each other. New collaborations surfaced through this approach; for example, the chief executives of national youth development organizations joined together to create a substantive online communications campaign, Be a Champion, #InvestInKids. Several program partnerships also emerged from these contacts.

The Foundation learned with grantees and adapted supports over time. Grant dollars were repurposed based on experience and insight gained, and new investments were made as interests evolved. Nearly two million dollars were awarded in 2019 in response to grantees' desire to improve diversity, equity, and inclusion practices within their organizations. The Foundation offered virtual convenings and other peer learning and support structures as organizations dealt with the dramatic effects of COVID-19 in 2020; these offerings were made possible by the trust built among grantees and between grantees and the Foundation.

View strategy [snapshot](#). Read [staff reflections](#).

## Education: Supporting STEM and character development

The Foundation’s decision to sunset, and Stephen D. Bechtel, Jr.’s abiding interest in supporting science, engineering, and math in the early grades, dovetailed with changes in California education policy. The Foundation pursued windows of opportunity provided through the adoption of California Common Core State Standards for Mathematics and Next Generation Science Standards (NGSS).

Together, three bodies of work – Math in Common®, NGSS Early Implementers, and the California State University New Generation of Educators – focused on preparing current and future teachers to lead inquiry-based, experiential learning for public school students. These instructional modes were at the heart of the state’s new educational standards. In addition to STEM initiatives, Mr. Bechtel’s commitment to building character in young people and the Foundation’s lengthy support for youth development in the San Francisco Bay Area seeded what became the Foundation’s largest single undertaking – the National Character Initiative.

Each of these multi-year lines of work sought to materially improve adult practice, drawing on research showing that adults are crucial mentors, role models, and instructors for youth. The Education Program invested in adult practice, in and outside of classrooms, as the means to achieve and sustain large-scale impact on young people. These investments were supplemented by grants supporting education policy and advocacy.

“What we imagined would be true in the Education Program’s final year changed in a way that defied prognostication,” said Arron Jiron, associate program director in Education. Select new grants supported distance learning and funded advocacy groups that could shine a light on the steeply heightened needs of school districts.

Staff also engaged peer funders to facilitate aligned action that could serve immediate and longer-term needs. Even with a relatively small budget available for new grantmaking, the Foundation found ways to help catalyze larger collective funding efforts. For example, the character team was instrumental in orchestrating a new pooled fund to support the recovery and relaunch of the youth development field – which experienced tremendous cuts in budgets and staffing amid COVID-19 – in partnership with public schools.

The Foundation’s major Education investments and concluding activity are further described in this section, which closes with reflections from Program Director Susan Harvey.



*The Foundation and its partners pursued a comprehensive approach to K–12 learning that recognized the importance of teachers, teaching practices, and academic standards in school settings in tandem with adults and their practices in out-of-school programs.*

## STEM education

In a volatile federal policy landscape, including White House calls for reductions in education funding, California leaders declared STEM education a state priority in 2019. The Foundation’s STEM initiatives were deep into implementation by that time – offering examples and strategies that could inform policymakers and practitioners focused on better outcomes for all youth in California. In its final years, the Foundation and its grantees focused on disseminating information that could benefit the state and national fields, attracting new funders, and fortifying structures that support ongoing learning and collaboration in the math, science, and teacher preparation arenas.



Most large grants were completed prior to the havoc that COVID-19 brought to school districts, students, and families beginning in March 2020, and before the movement for racial justice emerged following the killing of George Floyd in May. Foundation staff worked with grantees as well as education partners and advocates across the state to sustain focus on quality STEM education in public schools as an equity imperative, and to support the critical and challenging shift to distance learning as the platform for California education at the outset of the 2020–21 academic year.

**Math in Common® Initiative.** Ten school districts, collectively serving 300,000 students in grades K–8, grew their capacity to provide instruction aligned with California math standards via this Initiative. Responding to concerns across California regarding student performance on the state’s math test, Foundation grantees elevated awareness of the practices and learning in Math in Common districts to support instructional improvement statewide. Based on interest from Initiative participants, the Foundation extended technical assistance into 2020, representing a seventh year of support to improve district systems, teacher professional learning, and instructional practices. Similarly, the Foundation continued support for the Math in Common community of practice into 2020, facilitating peer-to-peer knowledge sharing, collaborative problem solving, and access to field experts. With Foundation funding, county offices of education established the California Partnership for Math and Science Education, providing ongoing infrastructure that supports districts as they implement state standards.

View [strategy snapshot](#). Read [staff reflections](#).





**NGSS Early Implementers Initiative.** Eight school districts, collectively serving 200,000 students in grades K–8, were on the forefront of implementing the new science standards. Their efforts drew high visibility throughout California. Through the Initiative intermediary, the K–12 Alliance of WestEd, these districts received in-depth technical assistance, engaged in cohort-wide learning and knowledge exchange, and piloted and evolved supports for teachers and administrators that proved instrumental to high-quality science instruction. Their efforts and experience were especially timely as California’s science testing began in 2019, creating statewide demand for knowledge on how to transform district, school, and classroom structures to deliver instruction aligned with the new standards. The work of these early adopters and their technical assistance providers was consistently featured in science education conferences and professional learning events statewide. Foundation supports carried into 2020, a seventh year. Across its lifecycle the Initiative yielded multiple evaluation reports, a toolkit of resources, and a series of learning sequences with ongoing relevance to administrators and teachers. The Initiative also produced a cadre of new champions for science as a core subject and provided a platform for many teachers and administrators to move into education leadership positions at the local and state levels.

View [strategy snapshot](#). Read [staff reflections](#).



**CSU New Generation of Educators Initiative.** Over six years, 11 California State University campuses partnered with K–12 districts to improve teacher candidate preparation that aligned with the state’s new math and science standards and fit with the needs of each district. This Initiative focused on helping partners build capacity to apply data and improvement science methods to enhance their programs, emphasized practices that prepared teachers to disrupt patterns of inequity in the classroom, and elevated the value of robust residency programs that paired candidates with a trained mentor teacher over a full academic year. In 2018, Foundation grantees helped inspire and inform the California governor and legislature as they provided \$75 million in new state funds to expand the residency model for clinical preparation of teachers, with emphasis on math, science, special education, and English language learning. The Foundation joined with other funders to establish the California Teacher Residency Lab, supporting peer learning and exchange among all recipients of state funds, and ensuring that these leaders learn from the experience of the New Generation of Educators cohort. The Foundation and CSU partnered in the 2018–2019 academic year to establish a Residency Year Scholarship, supporting 328 aspiring teachers who committed to serving in high-need public schools, and attracting other funders to this approach. The Initiative’s concluding years featured close collaboration with the Chancellor’s Office to disseminate knowledge from the Initiative to enhance teacher preparation across the CSU network of 22 colleges and schools of education.

View [strategy snapshot](#). Read [staff reflections](#).



## Character development

The science of learning and development was emergent throughout the Foundation’s spend-down era. Compelling research released in 2019, including the National Commission on Social, Emotional, and Academic Development’s report to the nation, shaped a framework that will guide federal and state policy into the next decade. These studies propelled national leaders in education, philanthropy, and advocacy to push for improvements in policy and practice that do more with what is known about how young people learn and develop. The call for whole-child, comprehensive approaches that incorporate social-emotional learning in education carried implications and opportunities for Foundation grantees and the youth development field.



The Foundation’s character strategy was aligned with this research, and grantees were positioned to join in national conversation as well as translate new understanding of how young people learn and grow into enhanced policy and practice. Their progress and scale of impact were set back by the COVID-19 pandemic, which had a devastating financial impact on many grantee organizations and the broader youth development field. Staff and services were greatly reduced at a time when the importance of whole-child development was increasingly understood, as divisive politics and eroding civic discourse called for character development, and as the movement to end racism pointed to the need for youth development approaches that eliminated achievement gaps and benefited all children. The Foundation adapted the final months of its active grants, providing flexibility to support grantees as they worked to overcome loss of revenues and support mushrooming youth and family needs including food insecurity, mental health, and basic safety. The Foundation also prioritized support for the communities of practice that were vital to grantees as they sought out solutions and encouragement from peers and field experts. The Foundation and its consultants responded to grantee interests in priority topics such as organizational restructuring, virtual programming, and scenario planning, and facilitated grantee participation in briefings on relevant new policy and legislation.

Foundation staff also pursued new funding for grantees. “After working closely with other national funders in the youth development field through Grantmakers for Education and Grantmakers for Thriving Youth, we developed deep relationships and trust,” said Rebecca Goldberg, Education senior program officer. “Because of those relationships, it was possible to propose the idea of a pooled fund, and we worked hard to get it off the ground before the Foundation’s sunset as one final way to strengthen the youth development field.”

A summary of the National Character Initiative and its concluding work follows.

**National Character Initiative.** This philanthropic partnership spanned six years and involved 13 of the largest youth-serving organizations in the country along with national intermediaries, policy-focused entities, and the California after-school system. Collectively, the direct-service organizations reached more than half of U.S. youth ages five to 18. Foundation investments supported learning and development that happens during recess, after-school, summer, one-on-one mentoring, sports activities, and nature-based programming. Partners built internal and field-level capacity to advance youth character, social-emotional learning, and developmental outcomes in these settings. Youth-serving organizations developed robust learning cultures with improved ability to make data-informed decisions, including enhanced capacity to employ evaluation as a tool of impact. They gained a sharper understanding of the professional development supports that result in higher quality programs. Several demonstrated that improved programs led to increased resilience, self-control, positive behavior, and other advantages for the youth they serve. Between 2018 and 2020, the Foundation responded to grantee interests with additional supports for diversity, equity, and inclusion, providing access to experts and grant funds to conduct internal analysis and initiate strategies to help organizations take steps to fulfill their equity values. Communities of practice were a vibrant element in the Initiative, leading to deeper learning as well as first-ever program collaborations and external advocacy and communication campaigns among participants.

View [strategy snapshot](#). Read [staff reflections](#).



## Policy and advocacy

Foundation policy and advocacy grantees advanced youth development research and engaged with California’s greatest education challenges, and its most important decision-making bodies, across the spend-down era.<sup>4</sup> Through grantmaking to public school districts and California State University educator preparation programs, accompanied by rigorous formative evaluation, the Foundation and its grantees captured deep and broad lessons regarding what it takes to support teachers and administrators in delivering high-quality math and science instruction. To scale and sustain those lessons, the Foundation used grantmaking in policy and advocacy to anchor math, science, and teacher preparation within state-level policy conversations – making a strong case that these topics belong at the highest level of California’s K–12 agenda.

In 2019, California Governor Gavin Newsom and State Superintendent Tony Thurmond emphasized STEM education and teacher preparation as policy priorities. As a result, major Foundation investments hold promise to be durable and impactful. The Instructional Leadership Corps and the California Labor Management Initiative, two Foundation-funded endeavors, were being considered for public funding in 2020, and each may be embedded within the state’s system of supports for schools and teachers. In 2019 and 2020 that system was being actively informed by the Foundation-funded California Partnership for Math and Science Education, which supports capacity building and networking through statewide communities of practice.

<sup>4</sup>The Foundation believed that policy plays an important role in systemic change and that advocacy is a key strategic tool for influencing policy. To this end, the Foundation supported organizations that engage in issue-based policy and advocacy efforts, including raising awareness, building networks and coalitions, nurturing champions, conducting research, etc. The Foundation did not earmark funds for lobbying activities as defined by the Internal Revenue Code and applicable Treasury Regulations, nor for reportable lobbying activities as defined by the California Political Reform Act or the federal Lobbying Disclosure Act.

*The Instructional Leadership Corps takes the state’s best teachers and equips them to be leaders of instruction in their districts. That project has reached over 100,000 teachers to date. It helped get the teachers’ union engaged around standards that were controversial at the time. This helped to ensure that teachers themselves would be better supported in the implementation of standards reform.*

– ARRON JIRON, ASSOCIATE PROGRAM DIRECTOR, EDUCATION

In 2019 and 2020, the Learning Policy Institute applied Foundation support to build on its initiative for the Science of Learning and Development (SoLD), bringing together researchers and policy organizations to broaden understanding of the scientific consensus for a whole-child framework that can guide education practice, school design, and teacher preparation. The Institute partnered with several other Foundation grantees – Forum for Youth Investment, Afterschool Alliance, and American Institutes for Research – to create a set of design principles that inform practice in- and out-of-school, provide examples of state policies based on the science, and supply resources that can enhance teacher preparation programs.



With Foundation support, the Institute also worked with Edutopia to expand its *How Learning Happens* video series to include a set of ten new videos that showcase practices based in the science of learning and development in youth development organizations. The videos show that learning happens in many types of environments, both in and out of school, and will remain an important resource to the field for years to come.

Foundation grantees also contributed to practitioner, policymaker, and public awareness of youth development opportunities nationally. The Afterschool Alliance and the Forum for Youth Investment engaged with the SoLD initiative and other national efforts to advance youth development as a policy priority for K–12 leaders and advocates. The Afterschool Alliance worked actively with prominent K–12 advocacy efforts to support policies conducive to in- and out-of-school program impact.

Highlights included engagement with the Partnership for the Future of Learning, a diverse network of education and social justice field leaders from 120 organizations and 20 foundations, and Education 2020, an initiative of the Center for Education Reform focused on ensuring that education is a priority for candidates and public discourse in the 2020 election cycle.

## FIELD VOICES

*Our school district is requiring science as an equal core subject with math and English language arts through grade 8 for distance learning as we begin the 2020–21 school year. This decision was made as a direct result of our district’s participation in the NGSS Early Implementers Initiative.*

– BRAD SCHLEDER, DISTRICT SCIENCE INSTRUCTIONAL COACH, KINGS CANYON UNIFIED SCHOOL DISTRICT

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*Our S. D. Bechtel, Jr. Foundation colleagues nudged, supported, and inspired us to think boldly about our educational preparation programs. CSU administrators, faculty, and staff were given the space to critically reflect on the fundamental nature of our preparation programs, and to make changes to ensure that high-quality, relevant programs prepare candidates who are ready for day one as a teacher. This work was not about ‘tinkering around the edges’ but rather involved deep and sustained effort that was iterative and transformative. Our Foundation colleagues wisely connected us with national partners engaged in similar work so that best practices and problems of practice could be shared and, as a result, we learned from one another in a supportive way.*

– DR. MARQUITA GRENOT-SCHEYER, ASSISTANT VICE CHANCELLOR, EDUCATOR PREPARATION AND PUBLIC SCHOOL PROGRAMS, CALIFORNIA STATE UNIVERSITY

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*The S. D. Bechtel, Jr. Foundation proved a model in how to spend down its assets. Through creating partnerships between the policy community, practitioners in districts and schools, and researchers, the Foundation ensured that its impact would continue long after it closes its doors.*

– DR. PATRICK M. SHIELDS, EXECUTIVE DIRECTOR, LEARNING POLICY INSTITUTE

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## INVESTING IN THE PROMISE OF ALL YOUTH

*Concluding reflections from Susan Harvey*

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Stephen D. Bechtel's belief in young people took many expressions across the Foundation's history. Some of the very first grants, in 1957, supported education. Over the decades, funds were directed to worthwhile purposes such as environmental education, civics, school-based health programs, science museums, and engineering scholarships for university students.

Setting strategic focus for the spend down led to elevating STEM education and character development as Foundation priorities. The choice to pursue major initiatives with the potential for large-scale change brought the difficult process of issuing final grants and wrapping up relationships with many long-term grantees. It also required restructuring and retooling a staff team that was built to manage grants to organizations providing direct services. The spend down called for staff to design and implement dynamic, multi-year investments to improve systems.

The Education Program team did tremendous work, moving thoughtfully to develop then guide initiatives – supporting grantees as they learned and encountered obstacles, and staying alert for opportunities to reinforce or extend success.

### ***STEM education***

Our flagship STEM initiatives – Math in Common®, NGSS Early Implementers, and California New Generation of Educators – were painstakingly planned across several years. Each generated relevant, replicable practices that now benefit schools, school districts, and university teacher preparation programs well beyond their respective cadres of grantees. Each also surfaced evidence and insights regarding what it takes to transform education systems and advance equity, informing California policy. We are especially encouraged by the state's actions to invest in the future of California through teacher workforce development, including significant new funding for the residency model that adds depth to the preparation of aspiring teachers.

Productive partnerships with leaders at the California Department of Education, the State Board of Education, and the California Teachers Association were vital to the Foundation approach. Mr. Bechtel emphasized the importance of working closely with the state's teachers; his encouragement and guidance were at the heart of what became a trusted, instrumental relationship that underpinned Foundation investments in California educational innovation. This work nested in a fundamental conviction: Our board and staff were committed to working with public institutions, in particular public school districts and the California State University, to achieve large-scale change. At the time we launched our major investments, many funders viewed shortcomings in these systems as intractable, and opted to support alternative structures and programs. The Foundation saw these systems as essential to creating impact for all youth, especially for students from marginalized population groups. We believed that change must and could happen in these major public systems.

Public education is rife with champions for equity and excellence in learning, and the Foundation's support across multiple years enabled these actors to study, demonstrate, enhance, and scale better practice, with a focus on professional learning for teachers.

### ***Character development***

By contrast to the relatively lengthy formation of STEM initiatives, the National Character Initiative was not on the Foundation's drawing board at the outset of the spend down. Our team rose to the challenge, conducting an exhilarating research and planning process, and illustrating that sound strategic design can be done well in a compressed timeframe. This Initiative's implementation also showed that working carefully and cooperatively with grantees mitigates the likelihood of missteps.

Character grantees did a remarkable job embedding research on social-emotional learning as well as the science of learning and development into programs that help adult volunteers and staff do more for the self-esteem, confidence, and integrity of young people. Their embrace of data and evaluation to improve practices, hunger for shared learning and collaboration, and actions to infuse diversity, equity, and inclusion in all aspects of their organizations have the potential to strengthen their decision-making, resilience, and social value well into the future.

### ***Outlook and opportunities***

In the Foundation's final era, the Education Program focused on helping young people develop the knowledge, skills, and character to explore and understand the world around them, growing into caring, informed, and productive adults.

We leave behind youth-serving organizations whose approaches are well aligned with a growing body of research as well as national interest in whole-child development and learning – and whose leaders are working in a range of new collaborations and with added vigor for helping enhance networks, visibility, and knowledge sharing in their fields.

We leave behind state leaders who have declared STEM education a priority for California, along with math, science, and teacher preparation fields that have greater capacity to learn, improve practice, tap into the power of modern professional development for teachers, and champion policy solutions that scale equitable outcomes for all students.

We leave in a year of tumult, hardship, and uncertainty – for young people and their families, and for the education and character-building fields that serve them. Despite the immense challenges caused by the pandemic, and the disruption to programming in and out of school, we are optimistic that the improved practices and knowledge, as well as networks, developed through Foundation initiatives will support recovery and spell future opportunity. Foundation partners can lead with enhanced practices, including approaches that have been demonstrated to reduce patterns of racial injustice. This includes opportunities for districts and nonprofit youth-serving organizations to join together to address whole-child needs by connecting in-school with out-of-school programs.

Finally, we leave behind cherished relationships with public and nonprofit grantees, colleague funders, state agency and association leaders, and many others who bring great passion and talent to the crucial work of investing in young people and their future. We have benefited immensely from your trust in this Foundation, and hope that our concluded work contributes to your continued success.



**SUSAN HARVEY**  
DIRECTOR, EDUCATION PROGRAM

## Environment: Caring for water and land resources

Stephen D. Bechtel, Jr.'s passion for conservation grew out of his years as an outdoorsman and led to Foundation funding of efforts to protect California's wetlands beginning in the early 2000s, highlighted by the [California Conservation Fund](#). Building on the experience and networks developed through more than a decade of investment, the Foundation's Environment Program comprised two primary portfolios during the spend down.

The water portfolio focused on improving water policy and management, advancing integrated solutions to water challenges, and engaging more funders in supporting water solutions. The land portfolio aimed to make California's protected lands network more durable and relevant, and to champion tools and innovations that promote conservation of wildlife and habitat – especially on private and unprotected lands.

In 2017, California emerged from a lengthy drought that included the hottest years then on record. The effects on agriculture, wildlife habitat, and tree mortality were severe. This drought era was followed by a period of devastating wildfires that persisted through the Foundation's conclusion, with 2020 marking the worst fire year in known history.

California water and land challenges were inextricably linked in the Foundation's final chapter, with housing, land use, and related equity issues driving state policy discussions. The impact of COVID-19, beginning in spring 2020, caused disequilibrium for organizations working to improve water and land management. While some Environment Program grantees saw limited immediate economic impact due to the pandemic, most realized that their revenues in subsequent years would be reduced. "They are preparing for a financial hit," said Marselle Alexander-Ozinskas, Environment senior program officer. "So, they have scaled back on making bolder investments in their infrastructure and capacity."

Environment Program strategies adapted to natural, political, social, and economic forces in these years. Recognizing that many nonprofits and fields lacked elements of sustainability, Foundation staff partnered with grantees to secure and amplify gains from historic policy achievements, support capacity building, and facilitate collaborations that could produce results long after the Foundation's conclusion.

The Foundation's water and land portfolios are further described in this section, which closes with perspective from Program Director Joya Banerjee.



*Environment Program grantees worked to bring forward solutions and strengthen fields to ensure that California waters and lands support people and nature.*

## Water portfolio

By 2020, California’s water system supported nearly 40 million people, the world’s fifth largest economy, diverse natural ecosystems, and one of the most productive agricultural regions in the world. This critical system continued to be stressed as Californians faced increased water scarcity, declining water quality, greater flood risk, and the deteriorating health of ecosystems. Climate change compounded these issues, with severe weather patterns contributing to intense periods of too much or too little water.



The Foundation and leaders throughout California believed that the state could effectively manage its water resources. They also recognized that a lack of cohesion in practices as well as fragmented institutions, complex technical challenges, under-resourced nonprofits, and limited political will presented hefty barriers to overcome. Throughout the spend down, Environment Program staff worked with grantees and partners to improve water policy and management decisions through use of scientific knowledge, to pursue policies that advanced integrated water solutions, and to involve more funders in addressing water issues.

Early and sustained Foundation investments in building the capacity of nonprofit agencies and intermediaries positioned these grantee partners to contribute to landmark policy successes across the spend-down years.<sup>5</sup> In 2012, the Central Valley Flood Protection Plan was adopted, providing a comprehensive framework for flood management and flood risk reduction in the Sacramento and San Joaquin River Basins. In 2014, California passed the Sustainable Groundwater Management Act; this sweeping legislation established a statewide regulatory framework for managing groundwater resources. The state enacted the Open and Transparent Water Data Act in 2016 to create an integrated water data platform and establish protocols for data sharing throughout California. In 2018, Los Angeles County voters passed Measure W, projected to collect \$300 million per year to pay for infrastructure and programs to capture, treat, and recycle rainwater. Measure W is the nation’s largest local funding referendum to date focused on green infrastructure. In 2019, Governor Newsom created the Safe and Affordable Drinking Water Fund, the first legislation that specifically targets the challenges that disadvantaged communities face regarding drinking water, providing up to \$130 million in annual support through 2030.

Philanthropic support for water solutions also grew through Foundation efforts, especially via the Water Funder Initiative. This Initiative, established in 2014 by a cadre of funders including the Foundation, made major strides in its early years. Since inception, the Water Funder Initiative team has coordinated and aligned more than \$345 million in philanthropic support for water solutions in California and the American West, including \$80 million in new philanthropic funding.

The Foundation’s primary water strategies are further described as follows.

<sup>5</sup> The Foundation believed that policy plays an important role in systemic change and that advocacy is a key strategic tool for influencing policy. To this end, the Foundation supported organizations that engage in issue-based policy and advocacy efforts, including raising awareness, building networks and coalitions, nurturing champions, conducting research, etc. The Foundation did not earmark funds for lobbying activities as defined by the Internal Revenue Code and applicable Treasury Regulations, nor for reportable lobbying activities as defined by the California Political Reform Act or the federal Lobbying Disclosure Act.

### ***Build knowledge***

The Foundation awarded grants to accelerate the creation and transfer of knowledge among researchers, policymakers, and practitioners to ensure that science informs water management decisions.

This grantmaking helped the state leverage data and assets that were resident in many accomplished, albeit siloed, research institutions and strengthened the working relationship between the research community and policy bodies. Environment Program grantees created shared governance structures that could align and advance research agendas, initiated approaches for engaging water stakeholders and water management practitioners in dialogue, expanded communications capacity to improve their outreach to core audiences including the press, and incentivized new partnerships between research institutions, technology companies, and nonprofits focused on water issues. In combination, these strategies helped ensure a timely, relevant supply of high-quality research. The Foundation also invested in data norms and information systems that promote a comprehensive understanding of water supplies, uses, and management options.

In combination, these strategies helped ensure a timely, relevant supply of high-quality research.

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**Visible, actionable research.** The Water in the West program at Stanford University developed a multi-media series to explore groundwater management in California through new research into key issues and a synthesis of existing knowledge. This work helped underpin the Sustainable Groundwater Management Act of 2014. Using remote sensing technology and economic modeling, the UC Davis Center for Watershed Sciences analyzed the economic impacts of the drought on California's agriculture for 2014 and 2015. Results from this effort received widespread policy and media attention. The Nature Conservancy initiated a multi-year grant in 2015 that featured projects related to groundwater, storage, flows, and drought. The Conservancy developed analytical tools to help inform statewide freshwater species priorities and understand habitat and water flow needs. The PPIC Water Policy Center launched, with Foundation funding, in 2015 to work with policymakers and diverse stakeholders and identify California's most pressing water challenges, to support a dynamic network of water policy researchers, and to engage this research community in deepening understanding and finding solutions to these challenges. In its early years, the Center produced more than 100 research products and became known by public media and policy audiences as a source of credible, timely knowledge on California water issues. The Foundation's concluding support for the Center funded research in priority arenas: bringing water basins into balance, adopting next-generation tools for managing water ecosystems, and paying and accounting for water.



**Data for decision-making.** With Foundation support, in 2016 the Aspen Institute and partners across the national water field published a core set of principles for open, integrated water data systems; these principles are informing data efforts in California and other western states. Participating communities and institutions prototyped an “Internet of Water” centered on sharing and integrating data. In 2016, the Foundation seeded the historic partnership between NASA, Google, the Environmental Defense Fund, and research partners that led to OpenET. This web application combines Google’s computing power, data from a suite of NASA satellites as well as weather stations, and decades of research by the scientific community to make accurate, timely information about agricultural water use widely accessible.



OpenET will launch in California and 16 other western states beginning in 2021, with plans to expand to the entire U.S. and beyond. This approach, which received sustained Foundation funding as well as support from peer funders, public agencies, and project participants, will fill the biggest data gap in water management decision-making. In 2019, the Foundation helped launch the California Water Data Consortium as part of the broader Internet of Water network. The Consortium is a nonprofit dedicated to supporting data-informed decision-making about water in the face of climate change and other pressures on water resources.

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### ***Advance integrated water management***

The Foundation invested in pursuing policies and incentives that promote holistic, sustainable management of water alongside land and other related resources. These solutions call for stakeholders to transcend issue-specific interests and geographic borders, moving beyond divisions and conflict to find enduring, equitable approaches to water management.

To inform and inspire new approaches and supportive policies, the Foundation made grants to demonstrate integrated solutions at regional scale. Complementing these efforts were investments to strengthen the water field through leadership development, organizational capacity building, and strategic collaborations.

With Foundation support, grantees worked to engage communities in local, regional, and statewide decision-making, including elevating the voices of community members traditionally marginalized in water decisions.

**Policy leadership.** The Water Foundation was a catalyst in California policy formation. Begun as an initiative supported by the Foundation in 2009, the Water Foundation grew into a standalone nonprofit in 2017. This intermediary organization pools and aligns philanthropic funding to support groups and opportunities that can drive change. Its activities were instrumental in achieving breakthrough policy in California water, including the Sustainable Groundwater Management Act, the Open and Transparent Water Data Act, the Los Angeles County Safe Clean Water Program (Measure W), and the Safe and Affordable Drinking Water Fund. Concluding grants from the Environment Program supported the Water Foundation's ongoing, dual priorities: Healthy Watershed programs that focus on groundwater, rivers, and forests; and Healthy Communities programs that focus on urban and rural resilience as well as drinking water.

#### STORMWATER MANAGEMENT IN A HIGH-PROFILE REGION

Urban runoff is the leading source of surface water pollution for Los Angeles County, one of the world's largest metropolitan economies. Polluted runoff harms aquatic life and poses serious human health risks. Effective approaches to reduce stormwater pollution, increase the area's local water supply, and provide other environmental and community and public health benefits were known, but proved difficult to finance. In 2018, voters passed Measure W, creating a special tax for parcels located in the Los Angeles County Flood Control District, which covers the majority of L.A. County. This tax was predicted to collect \$300 million per year to pay for infrastructure and programs to capture, treat, and recycle rainwater. Measure W was supported by the Water Foundation and represented the nation's largest local funding measure for green infrastructure.

**Field capacity.** The Environment Program continued to support a range of field capacities and, in its final years, elevated emphasis on leadership and communication. In 2018, the Foundation supported the launch of the Water Solutions Network, helping diverse groups of leaders improve their abilities to champion integrated water solutions. These rising leaders gain skills, knowledge, and relationships that equip them to forge new collaborations and drive cross-sector partnerships that involve all stakeholders in shaping strategies. The Foundation awarded ClimateNexus a multi-year grant in 2018 to strengthen strategic communications within the water sector through the Water Hub. The Water Hub focuses on media reports that include historically underrepresented voices; incorporating diverse perspectives helps expand the reach and resonance of this media coverage. ClimateNexus and the Water Hub coordinate their efforts with those of nonprofits and other partners to develop the strategy, narratives, and spokespeople to support shared goals.

**Community voice in decisions.** The Foundation awarded a grant to the San Joaquin Valley Health Fund Water Cluster in 2019, alongside investment in the Water Foundation, to help ensure that local communities were engaged in critical land and water management decisions. This work was designed to ensure that community voices are heard and their perspective incorporated into implementation of the Sustainable Groundwater Management Act as well as the Safe and Affordable Drinking Water Act.

### **Increase philanthropic support**

The Foundation engaged with funders that were directly or indirectly involved with water issues, seeking to increase and align investments as well as raise awareness of new opportunities for impact.

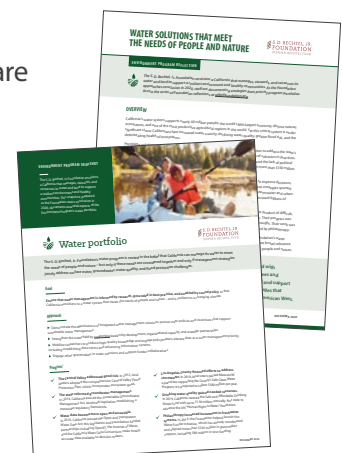
Partnerships with water grantmakers helped the Environment team expand the scope and sustainability of its work. By identifying effective approaches and establishing common language for their strategies, these partners also facilitated entry of new funders to the water arena. With grantmakers working on issues connected to water management – such as climate, health, species conservation, land use, and civic engagement – Foundation staff provided information and encouragement to embed attention to water within priority programs.

**Funder coalitions.** In 2015, the Foundation joined with the Walton Family Foundation to identify and attract philanthropic funding for the most promising solutions to U.S. water problems, starting in the American West. That partnership matured into the Water Funder Initiative – a collaboration dedicated to identifying and activating water solutions through strategic philanthropic investments. By 2020, the Initiative included the Gordon and Betty Moore Foundation, the Gates Family Foundation, the William and Flora Hewlett Foundation, Lyda Hill Philanthropies, the Cynthia and George Mitchell Foundation, and the Pisces Foundation. These funders worked with grantees and partner organizations on a range of projects. Joint efforts included improving water sustainability and public health in California’s Central Valley, protecting and restoring the Colorado River Basin, and enhancing the water field’s ability to secure and apply data for more effective water management as well as use strategic communications to promote solutions to water challenges.

In 2018, the Water Funder Initiative launched the “Toward Water Sustainability Campaign” to attract funds that can support transformative water solutions. Core funders initially pledged \$100 million to this four-year endeavor, with a goal of raising an additional \$50 million from other donors. The campaign launch was accelerated through the availability of \$10 million in matching funds to support contributions to priority projects.

The Foundation also supported Smart Growth California, a group of funders that share a focus on the state’s geography and built environment. Via these relationships, the Foundation helped launch the San Joaquin Valley Funders Group, providing a new forum for grantmakers to collaborate in addressing regional issues including water management and land use. Through the Community Foundation Water Initiative, the Foundation partnered with a cohort of five community foundations across California, helping these intermediary organizations improve their abilities to address regional water challenges individually and collectively.

View water portfolio strategy [snapshot](#). Read [staff reflections](#).



## Land portfolio

More than 50 million acres in California are protected and can support conservation goals such as preserving wildlife habitat and providing recreational opportunities. Ongoing stewardship of this land poses significant financial and management challenges to the state; philanthropic support can help catalyze lasting solutions to these challenges.

An additional 50 million acres, about half of the state's total land mass, is privately owned; it includes farms, ranches, and working forests. Sustaining California's natural systems therefore relies on promulgating practices that private owners can apply to steward their lands. Public-private partnerships are a significant means to this end and philanthropy can play a role in increasing the number and quality of these collaborations.

The Foundation recognized that public and private lands were both essential to large-scale impact. Its strategies were rooted in the premise that landscapes are a complex mosaic of farmlands, communities, parks, wildlife habitat, and much more. Environment Program staff worked with grantees to take all these purposes into account, understanding and balancing trade-offs, and finding ways to simultaneously achieve multiple benefits – for example, supporting farms to produce both food and habitat.

Grantmaking in the spend-down years featured significant support for state parks; unified stewardship of large landscapes comprised of properties under separate management; introduction of region-wide, multi-sector conservation strategies; creation of incentives that promote conservation on private lands; and capacity building with anchor organizations.

California state actions provided impetus for land use and multi-benefit solutions supported by the Foundation. In 2019, the Newsom administration embraced the need for integrated solutions to land issues in California. That year, extreme fires as well as the governor's declared goal of achieving carbon neutrality by 2045 heightened conservation focus on both natural and working lands. The Foundation's land portfolio incorporated models and approaches that were highly relevant to these and other public and private land challenges that carried serious long-term consequences for California. Primary strategies are further described as follows.



Courtesy of the California Department of Fish and Wildlife

*The land portfolio was designed to strengthen conservation organizations, statewide systems, and policies that ensure the long-term vitality of California's wildlife and ecosystems.*

### ***Enhanced stewardship of protected lands***

The Foundation invested in the durability and relevance of California's protected lands network to support a resilient environment and healthy communities. Decisions in the spend-down era elevated partnerships across traditional jurisdictional boundaries as a vehicle to steward protected lands at large scale, and recognized the central role of California's spectacular state parks system in improving management of protected lands statewide.

The Foundation's protected lands strategy came to be defined by these twin approaches, which overlapped and were integrated over time. Foundation investments in 2018 through 2020 helped complete a transformation of California state parks and advance the visibility and effectiveness of cross-jurisdictional collaborations.

In addition, this work was supplemented by Foundation grants to increase the capacity of land trusts and other core organizations.

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**Transforming California state parks.** Major recommendations emanating from the Parks Forward Initiative, funded by the Foundation, were completed by 2019. The California Department of Parks and Recreation carried out institutional reforms to gain new relevance as well as enhanced abilities to respond to future challenges. A process of thoughtful planning and broad stakeholder engagement led to retooled technology, operations, and financial management, a more inclusive and diverse cadre of Department managers and executives, a more robust and expansive set of partnerships, and greater access to state parks for all Californians. A new state parks partner organization, Parks California, was created in 2019 as a nonprofit dedicated to ongoing vitality for the state parks, including attracting new donors; this step completed the Foundation's planned roster of supports for the state parks system.

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**Growing public-private collaborations.** A range of partners supported by the Foundation catalyzed and improved cross-jurisdictional approaches to managing large landscapes throughout California. Four cross-jurisdictional partnerships seeded by the Foundation continued to generate momentum, draw state and national interest, and create new knowledge and tools with broad applicability. The California Landscape Stewardship Network, established with Foundation funding in 2016, grew from these partnerships and steadily elevated its role in guiding statewide solutions. By 2020, it comprised 30 regional partnerships focusing on large landscape stewardship. The Network gained credibility as an important vehicle for protecting California's biodiversity; the Newsom administration sought out its members in 2020 to share information on effective practice as well as offer advice for framing a policy agenda for statewide solutions.



**Strengthening fields and anchor organizations.** The Foundation invested from the outset of the spend down in building the capacity of organizations that were vital to their respective fields. With long-term support, 20 land trusts across California interacted as a Sustainability Land Cohort as they worked to become more future-focused, technologically advanced, effective entities. Simultaneously, the Foundation helped grow the capacity of state and national organizations central to the land trust movement, including the California Council of Land Trusts and the national Land Trust Alliance. Investment in the National Park Foundation enhanced that nonprofit’s ability to support the National Park Service, promoting a contemporary partnership model that could make parks more accessible and welcoming to diverse visitors, while attracting sustainable sources of financial support. These supports for California land trusts and National Parks, as well as the above-referenced supports for California state parks, were designed to advance and sustain improvements in major systems in place to steward protected lands. Concluding grants included funding for organizations such as the Golden Gate National Park Conservancy, a primary player in large-landscape collaboratives in California and a resource to partners in other collaboratives, and the Network for Large Landscape Conservation, which designs and implements programs to advance conservation at scale.



View land portfolio strategy [snapshot](#). Read [staff reflections](#) on protected lands strategies.

### ***Expanded conservation through new tools and innovations***

Years of Foundation program activity focused on California wetlands as a vital resource for migratory birds demonstrated how tools and policies could help protect a globally important conservation target while also advancing innovation in the conservation field. This experience informed and encouraged larger investments during the spend down.

The Environment team increasingly focused on integrative approaches – identifying trade-offs and pursuing optimal results that serve both human and natural ecosystems. For example, following devastating droughts and wildfires, in 2019 the Foundation seeded partnerships and deep policy analysis to explore restoring forests in ways that decrease wildfire risk and carbon emissions while increasing community jobs and forest health.



Across the spend-down years, Foundation grantmaking introduced innovative tools and launched promising models for aligning incentives and removing barriers to conservation.

**Policy and systems change.** The Foundation and its grantees teamed to inform improved public policies and develop tools to put conservation into practice in new ways. They helped integrate wildlife and habitat conservation into land-use planning, flood protection, infrastructure building, and other systems. A centerpiece in this strategy was the Foundation’s work with partners to create Regional Conservation Investment Strategies, a major program launched by the California Department of Fish and Wildlife in 2016. This approach, piloted with Foundation funding in five regions, can improve large-scale conservation results by identifying regional conservation priorities and targeting public conservation expenditures to achieve those priorities, guiding infrastructure agencies to avoid habitat impacts, allowing public agencies to invest in conservation prior to impacts that are created from new infrastructure and other development, and facilitating all parties to work in a more coordinated and effective fashion. By 2020, the program was active across California; ten areas were receiving state support to operate Regional Conservation Investment Strategies that collectively cover 10 million acres – 10% of the state. Foundation efforts also contributed to adoption of tools and approaches that are integrating conservation into the ways people do business. County land-use planning departments are using new tools to integrate conservation into their processes, and flood control agencies are working with farmers to create habitat for endangered species. Foundation support through 2020 for California’s network of more than 90 Resource Conservation Districts enhanced regional efforts at voluntary restoration and conservation of soil, water, and other critical resources, including investment in the ongoing durability of Sustainable Conservation, a critical nonprofit resource for these Districts.

**Incentives for private landowners.** The Foundation joined with partners and invested in demonstrating new models that align incentives in ways that remove barriers to conservation. This included supporting innovative programs that incent farmers, ranchers, and other landowners to protect wildlife and create habitat on their lands even as they kept those lands in production. Expanded and enhanced habitat available to migratory birds is one major output of this approach. The Migratory Bird Conservation Partnership – comprising Audubon California, The Nature Conservancy, and Point Blue Conservation Science – launched with Foundation funding in 2008. The Partnership secured U.S. Farm Bill funding and developed innovative programs to ensure that as much as 100,000+ acres of habitat are available annually for migratory birds in California, including on private farms. Partners’ efforts paid dividends for California during the drought years beginning in 2013. Building on these successful efforts to incentivize owners of working lands to provide seasonal habitat, the Foundation supported grantees in making use of emergent technologies and big data to better understand ecological systems, enabling conservationists to supply high-quality, cost-effective habitat in a flexible and adaptive manner. Through programs supported by the Foundation, farmers were paid to flood rice or other crop fields that provide birds with temporary habitat when and where they need it, essentially creating pop-up wetlands. These programs were shown to provide as much of 60% to 100% of available habitat in California’s Central Valley on days in the drought years of 2013 to 2015.



Read [staff reflections](#) on conservation strategies. View [land portfolio strategy snapshot](#).

## FIELD VOICES

*Reliable water data is almost as critical to farmers and water managers as the water supply itself. With added pressure from population growth and the uncertainty that climate change impacts have on existing and future water supply, OpenET allows planning for agricultural water needs in a way that just wasn't possible before.*

– E. JOAQUIN ESQUIVEL, CHAIR OF THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD

*As I think back over the last 16 years, our California water community has achieved so much and your leadership at the S. D. Bechtel, Jr. Foundation has contributed. The Foundation started some of the wetlands management discussions, which was a seed for a broader vision transformation for how we consider water in all its forms. For decades, we had addressed water issues in silos – agriculture/urban water projects, groundwater, flood, environment, Delta, coastal water, fishery, drinking water. You helped us think differently about how we manage water in California. You encouraged us to make connections. I now recognize how your team's approach to water management helped our water community transform itself, sometimes in ways that you did not expect. Your support for innovative water leaders has made a difference, beyond the people and organizations you funded.*

– ALF W. BRANDT, CALIFORNIA ASSEMBLY SPEAKER'S OFFICE, DIVIDING THE WATERS PROGRAM/  
THE NATIONAL JUDICIAL COLLEGE

*Without S. D. Bechtel, Jr. Foundation ongoing support, the Network would certainly not be the major, value-added national and cross-border network and leadership hub it is, or have the vigorous leadership involvement and momentum that will continue to propel it forward. The Foundation took a chance in 2015 on a very new and untested Network and the pivotal need for concerted support and advancement of the collaborative landscape conservation field.*

– EMILY BATESON, DIRECTOR, NETWORK FOR LARGE LANDSCAPE CONSERVATION

## SUPPORTING CALIFORNIA'S WATER AND LAND FUTURE

*Concluding reflections from Joya Banerjee*

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Inspired by Stephen D. Bechtel, Jr. and his love of nature, the Foundation envisioned a California that manages, stewards, and conserves its water and land to support a resilient environment and healthy communities. The Environment Program was imbued with experience derived across decades of Foundation grantmaking on topics dear to Mr. Bechtel – including habitat preservation, science and engineering, and environmental education.

The California Conservation Fund, a charitable operating foundation established by Stephen D. Bechtel, Jr. in 2000, provided a laboratory for deep learning. Its strategies to preserve waterfowl habitat were well-timed to influence the Environment Program's priority focus on water and land in the Foundation's spend-down years. The California Conservation Fund's work highlighted the importance of policy reform, research, and capacity building as vehicles for achieving habitat protection and restoration. It showed how water and land issues are intertwined, spoke to the need to engage all stakeholders as vital participants in creating solutions, and pointed to the responsibility of funders to sustain, and adapt, support over the long term. The Foundation incorporated these lessons into strategies shaped to support the broad range of actors – communities, farmers, nonprofits, government agencies, and others – who steward water and land resources.

### *Partnering to improve systems*

California's water and land management challenges are daunting – highly textured yet subject to siloed actions and outcomes that divide winners and losers. The Foundation team approached this work with inherent optimism, conviction that problems defined can become problems solved, and commitment to developing trust-based relationships with leaders throughout California.

The Foundation's process for molding and honing strategies was deliberately fluid – continually recalibrated to the shifting realities of grantees and fields and spurred forward through action in moments that invited change. Over the arc of the spend down it seemed that every day carried surprise, challenge, and opportunity. Our approach relied on setting broad goals and investing in organizations that could tack to address what was ripe in the moment, or necessary in the big picture. Foundation board member Jude Laspa described this overarching practice as working with a "constancy of purpose."

We shared in the joy our partners earned through system-shifting accomplishments. Water grantees were change agents in reforming groundwater management in California, reducing flood risk in the Central Valley, advancing access to quality drinking water as a right for all Californians, demonstrating that a massive region such as Los Angeles County can build green infrastructure, and attracting significant new funding to water projects. Partners in the land portfolio helped ensure that California's remarkable state parks will be meaningful to all residents for generations to come, proved the benefits and elevated the practices of large-scale landscape management, strengthened networks of land trusts and Resource Conservation Districts as essential assets, and established a state program to expand regional conservation strategies.

### ***Outlook and opportunities***

We celebrate these accomplishments while recognizing that, as this Foundation closes, there remains much to do. Climate change is occurring at a rate that exceeds social, economic, and political responses. California can expect more fires, droughts, and floods. The state's housing, transportation, and health needs all intersect with water management, land use, and wildlife conservation. Demands for equitable solutions and ending racism call for revamping how environmental decisions are made, and by whom.

These circumstances increase the need for holistic, integrated, inclusive approaches to addressing water and land issues. The environment field is tasked with enormous responsibility, but it is thinly resourced; many organizations operate largely with funding that is project-to-project. If nonprofits are to be resilient, relevant, and responsive in the face of current as well as yet-unimagined environment challenges, more funders must be willing to commit to substantial, multi-year support.

Still, the progress and promise of our partners create bright spots as we look beyond 2020. The fields of water and land have greater research capacity, vibrant connections, promising collaborations, effective anchor organizations, and leaders equipped to work across sectors and across differences.

This Foundation used its spend down as an opportunity to make big bets and pursue durable change to the systems that shape how California preserves nature and wildlife, provides drinking water, produces food, prevents devastating wildfires, reduces carbon emissions, and pursues other vital goals. We have learned that this state has the human, intellectual, and financial capital to manage water and land in ways that work for people and nature. We know that philanthropy can make a difference in so many ways, including accelerating inclusion, seeding innovations, nurturing collaborations, scaling solutions, and stabilizing fields.

We extend full-hearted gratitude to the grantees, funders, and other partners who have worked so diligently, and inventively, to address water and land challenges that carry high stakes for current and future generations of Californians. It has been a privilege to grow alongside such energetic networks, thoughtful organizations, and dedicated individuals over the course of the Foundation's sunset. Your spirit and insights gave us energy and belief in new possibilities – and will produce great achievements for decades to come.



**JOYA BANERJEE**  
DIRECTOR, ENVIRONMENT PROGRAM



## What did it take? Board perspectives on the spend down

In late 2019, board members reflected on attributes they deemed important to the Foundation in its spend-down years. That dialogue featured the following directors:

Alan M. Dachs

Lauren B. Dachs (*Foundation president*)

Deborah L. Duncan

Jude Laspa

Bob Peck

Nonie B. Ramsay

S. Alexander Ramsay

John Weiser

Also on the board and referenced in these comments are founder Stephen D. Bechtel, Jr. (Steve) and spouse Elizabeth Bechtel (Betty).

### Embracing bold goals and accepting risk

Setting big aspirations and realizing the possibility of failure were central to the Foundation's approach, beginning with the decision to spend down. "The starting point of standing up and making that decision was not obvious. It took a lot of thinking but also courage," recalled Bob Peck.

Alan Dachs remarked on the degree to which this direction fit the personality of Mr. Bechtel: "It's vintage Steve. He's always asked very big questions. He's always had a sense of urgency . . . of trying to do things of great magnitude in as short a period of time as possible."

Nonie Ramsay remembered the board rallying around Mr. Bechtel's preference to spend down Foundation assets. She observed: "When you've built up something and it is a form of a legacy, I think it is really remarkable to look it squarely in the face and say, 'I'm going to complete it and consider it done without leaving something to carry forward.'"

Alex Ramsay, who became a director in 2018, was involved with the Foundation as the board explored the spend-down model. He recalled: "It was very inspirational to see the group say, 'This is a big challenge, it's going to really tax the staff and it's going to tax the board, but let's have the biggest impact in the here-and-now that we possibly can.'"

The commitment to spend down all assets would lead to a set of intrepid program choices. The Foundation pursued significant shifts in STEM education, character formation in young people, and water and land stewardship, in some cases entering arenas where few or no other funders were at work.

“It was compelling to want to make a bigger impact on the problems of today and hopefully leapfrog progress therein for the future,” said Debbie Duncan. Jude Laspa remembered the board’s collective thinking as the spend down took shape. “If we hit these challenges now, we could have more impact than trying to fix them later on when they were worse,” he recalled.

Program strategies were calibrated to the potential for progress – and the likelihood of contributing to systems change – in the Foundation’s remaining time horizon. Each body of work was complex, and board decisions carried the real possibility of falling short of intended impact.

“There was so much thought and careful consideration that went into assuming these challenges,” stated Alex Ramsay. Weighing and actively mitigating risk was part of the process. “This type of risk assessment is in the DNA of the Bechtels,” remarked Debbie Duncan. “At the outset of the spend down, there was no ‘blueprint’ for how to do this. However, given the Foundation’s willingness to accept risk and experiment, I was confident that we would figure it out together.”

“We essentially took the entire corpus and all that this Foundation was about and aimed it toward hard goals,” said Bob Peck.

## **Being focused and intentional**

“We came to the realization that the needs that were out there were very significant, and that we could accomplish a great deal, especially if we stayed really focused in our direction,” recalled Jude Laspa. “We saw that we could effectively spend the money to accomplish results.”

The board encouraged rigorous staff analysis regarding lines of work to expand, and to conclude, recognizing that the Foundation’s human and financial resources must be directed to a relatively small set of priorities.

Major programs were revisited and refreshed, leading to staff and board awareness that extending the Foundation’s duration would result in greater impact. “There was this need to tighten and focus our remaining work,” recalled Laurie Dachs. “And to rethink our original spend-down date of 2016.” The Foundation opted to reset its conclusion for 2020.

“With the refreshed program plan and extension of the date to 2020,” said Debbie Duncan, “I was glad to see us continue to focus our efforts in key areas and begin to wind down the less strategic initiatives.”

Decisions were made amidst uncertainty related to available program funds. Throughout the spend down, the Bechtels made new contributions that added to the grantmaking resources of the Foundation. The size of these gifts was difficult to predict. “We knew Steve and Betty were generous, that they were going to give the Foundation the bulk of their money, but much of it was tied to the valuation of Bechtel Corporation stock, and no one knew how much to expect in a given year,” recalled John Weiser. “We were chasing a moving target.”

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*It was compelling to want to make a bigger impact on the problems of today and hopefully leapfrog progress therein for the future.*

– DEBBIE DUNCAN

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Debbie Duncan cited the implications of this positive, although open-ended, dynamic: “This put pressure on Laurie and the staff in terms of ensuring that programs and grants were done thoughtfully and responsibly, but in a timely manner.”

Given this context, and the scale of Foundation spending with a fixed end date, Bob Peck found it noteworthy that the board never faced undue urgency to move money out the door through grants that were not well vetted. “I would salute Laurie, and really the whole team, because I did have a concern about how this might happen,” he recalled. “I’ve never felt that there was any compromise with the highest standards of decision-making around what grants deserved funding.”

The spend down was facilitated through “good planning in a financial sense, and a focus on hiring the right people and meeting the needs and the concerns of the staff,” according to Debbie Duncan. “The Foundation built its infrastructure to accomplish the spend down . . . including improved grants tracking and management.”

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*I did have a concern about how this (large-scale spending in a limited timeframe) might happen. I’ve never felt that there was any compromise with the highest standards of decision-making around what grants deserved funding.*

– BOB PECK

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## **Expanding staff capacity and trusting in staff leadership**

The board’s confidence in staff was vital to execution of the Foundation’s ambitious agenda. “There was a tremendous faith in Laurie and the team,” said Bob Peck. The board also showed receptivity to adding bandwidth and acumen to accomplish an effective spend down. “There were just so many unknowns ahead of us, and I always felt supported by the board,” remarked Laurie Dachs. “I felt supported in hiring the right staff people to say, ‘Okay, we’re going to figure this out together.’”

Staff expanded from nine to 37 positions in these years and, in 2013, a new unit focused on Organizational Effectiveness was added. That department brought added philanthropic experience – especially related to grantee capacity building – as well as learning and evaluation expertise, and the ability to elevate communications and share lessons learned. These attributes were integrated into Foundation practices throughout the spend down.

“There’s an element of humility in Laurie going out and finding experienced people,” said John Weiser. “And in saying, ‘Coach me on how we can do this better, and coach me on how we can get the story out about what we’re doing.’”

Debbie Duncan cited the strong leadership provided by Laurie and her senior team. “They remained focused but flexible and dealt expertly with issues as they arose,” she recalled.

“Keeping the staff together and not anxious about their next jobs” was also critical, according to Bob Peck. “I would say that it’s sort of a snowball of difficulties in doing it well.” The Foundation was successful, through a multi-faceted career development and retention strategy, in this regard.

## Supporting effective fields and organizations, engaging partners

“I was very impressed that we found ways to leverage our efforts knowing that we couldn’t solve all these education and environment problems ourselves,” recalled Jude Laspa. “Not only did we need additional people and partnerships to do it, but we needed additional funders because many of these strategies became very, very large, in fact beyond the capacity that the Foundation itself had.”

Alex Ramsay cited an organization-wide learning mindset and agility as hallmarks of the spend down. “We would say, ‘We don’t necessarily know what the exact path is going to be, but we can think about having the right people in the right seats and adapting our methods to get to the right outcomes,’” he recalled. “It couldn’t be this Foundation standing alone. We were willing to forge and create partnerships with funders and others, and to think a bit outside the proverbial box.”

The inability to predict outcomes following the Foundation’s end date was also vital to strategy formation. “We really don’t know where all this is going to end,” said Alan Dachs. “As we spend down this organization, what we’ve really done is transfer something to other organizations that have lives of their own. Will those organizations have capacity to develop their own resources? Will they continue to follow the same line of thinking? Will they go off on a tangent? I admire the faith that this Foundation has put into each organization it’s funded.” Alan also expressed appreciation for staff leaders’ ability to influence but not dictate grantee strategies. “It’s a tricky balance between bear hugging somebody, taking away their sense of autonomy, and being influential and supportive – so that they can meet the expectations that you have for them.”

Board members endorsed staff efforts to strengthen networks of organizations and leaders focused on Foundation goals – and to bolster, and in some cases help start, entities that could be central to future outcomes. “That allows our impact to continue in the hands of others, but in ways gently guided by the way we helped set things up,” stated John Weiser. “That’s powerful. And it gave us more confidence in counting on others to continue our work.”

“I felt that having the extra years (resulting from the decision to extend the Foundation’s conclusion date to 2020) could really help us build the capacity of the organizations we would no longer be funding – and increase our impact,” remarked Debbie Duncan. “For example, in water, we have helped to inform policy, to identify other funders, to bring together disparate professionals to share perspectives and work on acute issues, and to establish institutions that will have lasting significance.”

The Foundation approach was long-range and collaborative by design. “We didn’t set out expecting to achieve specific goals on a defined timeline,” recalled Laurie Dachs. “We were more about building fields and building capacity of key organizations.” This approach recognized that changing complex systems required time, and a field of capable actors. Laurie cited a metaphor introduced by Bob Peck at the outset of the spend down. “We’re going to roll this boulder up to a new plateau, move it as far as we can in the time that we have, and do it in a way where hopefully others will be able to take it all the way to the top after we are finished.”

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*It couldn’t be this Foundation standing alone. We were willing to forge and create partnerships with funders and others, and to think a bit outside the proverbial box.*

– ALEX RAMSAY

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## Navigating uncertainty

“Taking large problems on the way the Foundation did was the right thing to do,” recalled Jude Laspa. “I thought it was going to be a real challenge, but I was really pleased that we were able to not only advance the ball significantly, but course correct where we needed to.”

“The spend down required a willingness to pivot when needed and this was done well,” added Debbie Duncan. “It was so important for us to plan and adjust, then plan and adjust.”

The board’s outlook called for comfort with uncertainty beyond the Foundation’s conclusion. “We’re not going to know the ultimate result of 90% of what we have worked so hard and put so much resource and relationship development behind,” said Laurie Dachs. “But that is more than okay. To me it reflects the fact that our work is well aligned with the basic values that came from the Bechtels and that we have continued to exhibit.”

“Because we addressed big challenges today, we will have a longer and better impact,” concluded John Weiser.

“I’m really proud to have been part of an organization that wanted to make decisions, was willing to make decisions quickly, was willing to make mistakes, and didn’t want to focus on process interminably,” said Jude Laspa. “It made my board member experience a lot more fun.”

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### KEY TAKEAWAYS

In its spend-down era, the Board of Directors for the S. D. Bechtel, Jr. Foundation:

**Championed the values of the founding family** in all decisions related to adopting and implementing the spend-down model.

**Set strategic direction while embracing uncertainty** and demonstrating the ability to adapt to shifts in context and new learning as the spend down unfolded.

**Ensured that staff had bandwidth and expertise** to pursue ambitious goals in a limited timeframe, including key operating systems and retention strategies.

**Trusted staff and grantees to succeed**, empowering leaders to develop, manage, and modify implementation strategies that could accelerate progress toward Foundation goals.

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## SOONER RATHER THAN LATER

*Concluding reflections from Laurie Dachs*

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In 1957, my father, Stephen D. Bechtel, Jr., used a gift of \$26,000 to begin what was assumed to be a perpetual philanthropy. Now, at the end of 2020, we are closing shop following a 12-year spend down that involved well over a billion dollars in grantmaking.

The 2009 decision to invest all assets and pursue lasting solutions to California’s critical challenges “sooner rather than later” was a defining moment for the Foundation. It enabled much bigger thinking while simultaneously calling for sharper focus. Our dedicated, talented board and staff team moved an organization with a range of funding interests into two priority areas: education and environment. We shifted from making many modest-sized grants to embrace a small number of multimillion-dollar, multi-year initiatives. We broadened a decades-long emphasis on the Bay Area to adopt a geographic scale that spanned and, in some cases, went beyond California. We raised our sights from supporting discrete projects to championing systems change.

This transformation was as exciting as it was demanding. Spending down is a dynamic, at times dizzying, process. The Foundation kept balanced by anchoring its actions in four core values: integrity, excellence, optimism, and respect. These traits were infused into the organization from day one by my father and mother, Elizabeth (Betty); both served on the Board of Directors across the Foundation’s lifecycle. My parents’ humility and their belief in others shaped the fundamental nature of this philanthropy. The Foundation stood behind grantees who had knowledge and networks that far exceeded our own. We made steadfast commitments to passionate leaders and high-potential organizations that were willing to reshape stubborn systems. Our comfort with addressing seemingly intractable issues carried over from a multi-generation family business that tackles some of the world’s great engineering and construction challenges. We accepted risk as necessary to our aims, and at times entered spaces where other grantmakers had not yet tread.

### ***Adaptive programming***

STEM education, youth character development, and water and land stewardship are large, gnarly arenas, with tremendous implications for the future of California and the nation. Our approach recognized this complexity. We set aside the instinct to name definitive objectives supported by linear theories of change. Instead, we aimed for expansive goals based on making positive, durable gains in the fields and systems where we focused. We then supported and collaborated with grantees, funder networks, and other partners that were positioned to drive progress, including seizing moments of opportunity.

We endured disappointments, always seeking to learn and find better ways. We also witnessed unexpected accomplishments. For example, we could not have hoped that California, the last western state to enact groundwater management legislation, would adopt anything but modest regulation in the Foundation’s spend-down years. A confluence of circumstances – heightened public will following a severe drought, innovative government leaders, effective water managers, keen research institutions, and ready advocates – contributed to sweeping reform via the Sustainable Groundwater Management Act.

The Instructional Leadership Corps also surpassed its early ambitions, offering an example from our education work. What began as a modest project with a small cadre of master teachers has grown to benefit more than 120,000 classroom leaders across California. Through educator-led professional development, these teachers are strengthening their instructional skills and learning to advance the state’s new, higher standards in math, science, and English language arts.

### *Spend-down knowledge*

When the Foundation's spend down began, we searched for a blueprint and found little in the way of example and published practice. Happily, this situation is changing. We applaud the efforts of The Atlantic Philanthropies and other limited-life foundations, as well as philanthropy research and support organizations, that have provided signposts for this fast-growing field. Their willingness to share has encouraged our own communications and desire to offer something worthwhile for consideration by others. This includes joining with Candid to house more than 200 resources developed by the Foundation and its partners via a [Legacy Collection](#).

When asked what it takes to spend down well, I offer this advice: 1) Commit to making a difference and being clear about goals. Spending down multiplies the resources available; it also accentuates any internal confusion or misalignment regarding priorities. 2) Put funds to work to build strong organizations and fields. You can be guided by founder interests while also listening and responding to what grantee leaders say they need to succeed. 3) Demonstrate courage and tenacity. Spending down is a joyous but difficult process. 4) Realize that your foundation's work is not done at sunset. In fact, you may not ever precisely know how your story ends; this is why it is so critical to invest in the capacity of others.

### *Winding up in a time of tumult*

The year 2020 turns out to be far from an ideal juncture to conclude grantmaking. The education and environment fields are facing once-unimaginable difficulty. The relevance and resilience of U.S. institutions of democracy are being sorely tested by political, health, social justice, climate, and economic crises. While the future is always uncertain, the stakes ahead seem particularly high. Even so, this is the Foundation's time to exit – and to trust that the people, entities, and collaborations we have so deeply cared about will adapt and make a difference in a changing world.

Nearly three decades ago, I joined a Foundation staff that consisted of one full-time and one half-time employee. My professional life is intertwined with the evolution of this philanthropy – its years of steady growth followed by steep expansion in the spend-down years and now the bittersweet time of closing. It has been a thrilling ride. Through it all, the Foundation board and staff have stayed true to serving the interests of our founder through a grantee-centric philosophy, a bold, future-focused outlook, and a high standard of professionalism. We finish operations hoping that our story and strategies will have value beyond our end date – and knowing that our grantees, peer funders, and staff alumni will continue to discover new possibilities, improve practices, and grow impact.

On behalf of the Bechtel family, and my wonderful board and staff colleagues across so many years at this Foundation, farewell.



LAUREN B. DACHS  
FOUNDATION PRESIDENT

## ABOUT THIS SERIES

# Sooner Rather Than Later: The S. D. Bechtel, Jr. Foundation Spend-down Journey

In 2009, following five decades of Foundation growth and impact, the Board of Directors for this family philanthropy chose to spend down all assets. In the words of its founder, this decision reflected a commitment to finding lasting solutions to California’s critical challenges “sooner rather than later.” The spend-down horizon was initially set for eight years and then adjusted to establish 2020 as the Foundation’s end date. The Foundation is documenting its journey to inform the interests and practices of other philanthropies that are considering or conducting a spend down.

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### PROLOGUE | GROWING A FAMILY PHILANTHROPY: 1957 TO 2008

An overview of the Foundation and its program activities prior to the spend-down decision, including the factors and process leading to that decision.

### CHAPTER 1 | SETTING THE COURSE: 2009 TO 2013

A chronicle of the activation of spend-down practices, including the “strategic refresh” that would guide Foundation program investments through its conclusion.

### CHAPTER 2 | WORKING WITH THE END IN MIND: 2014 TO 2017

A description of the ramp up and adaption of the Foundation’s major program investments and initiatives during its spend-down years.

### CHAPTER 3 | REACHING CONCLUSION: 2018 TO 2020

A narrative of the decisions and approaches to securing gains from Foundation programs and amplifying impact in the Foundation’s final years.

Access the series, and other resources about spend downs and exits, at [sdbjrfoundation.org](http://sdbjrfoundation.org).

## A VISION FOR CALIFORNIA

The S. D. Bechtel, Jr. Foundation envisions a productive, vibrant, and sustainable California that is a model of success and a source of innovation.

## A COMMITMENT TO NOW

California faces many critical challenges, which require resources and imaginative solutions.

In response to this reality, the Board of Directors decided to invest all the Foundation's assets by 2020. This decision reflects a commitment to identifying lasting solutions for education and the environment sooner, rather than later. The Foundation also invests in building the capacity and resiliency of grantee organizations to leave them positioned to carry on the work of furthering a successful California for decades to come.

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Recommended citation:

S. D. Bechtel, Jr. Foundation (2020), *Sooner Rather Than Later, Chapter 3: 2018 to 2020*  
[doi.org/10.15868/socialsector.37797](https://doi.org/10.15868/socialsector.37797)

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