

As Foundations Close, Anxiety for Charities

By David Cay Johnston

The New York Times

November 11, 2009

Foundations that increase grants to spend down their endowment and then close are proving to be a boon to charities in the short run, but the trend is also causing anxiety among the charities about their future fund-raising.

Some 9 percent to 12 percent of foundations are in spend-down mode, and roughly a quarter are considering the idea, surveys by the Urban Institute and the Foundation Center found.

... "Spending down can be a great way for a foundation to increase its impact," said Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy, which represents the interest of grant seekers, "but it is also important to discuss with grantees their concerns and their needs, because the purpose of foundations is to support grantees and make a difference in the world."

"We do think it important," Mr. Dorfman added, "that in their final years, foundations that are spending down devote some of their resources to cultivating new sources of support for their grantees."

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