

PHILANTHROPY

Clark Foundation Spins Off Blue Meridian as It Works to Spend All of Its Assets

BY ALEX DANIELS

The Edna McConnell Clark Foundation said today it will separate Blue Meridian Partners, a grant-making collaboration it created, into an independent nonprofit organization. The move is the first major public step Clark has taken to prepare to spend down all of its assets over the next eight years.

In addition to the spin-off of Blue Meridian, which has attracted \$1.7 billion in commitments from wealthy philanthropies, Clark said that it would wind down its Youth Development Fund over the next three or four years and begin to search for a “new home” for its PropelNext program, which trains nonprofits that serve children in how to use data to improve their success rate.

The foundation said that 16 members of its staff will transition to positions at Blue Meridian Partners. Nine of those employees had already supported finance and administration roles there. Eight positions will be eliminated.

Widespread Support

Since Blue Meridian was created in 2016, many well-known donors have chipped in. They have been attracted by the collaborative’s theory that promising, data-driven approaches to improving the lives of children in poverty need massive cash infusions to grow and succeed.

The group has made several “big bet” grant commitments that provide nonprofits a lot of flexibility in how they use money. The progress of each grantee is reviewed every few years before Blue Meridian allocates a new tranche of funds. Depending on how a nonprofit meets certain milestones, the commitments can reach \$200 million over a 12-year time frame. Current grantees include the Center for Employment Opportunities, Upstream USA, and Youth Villages.

Eight Blue Meridian general partners must contribute \$50 million each, including the Ballmer Group Philanthropy, the Duke Endowment, and the Sergey Brin and George Kaiser family foundations.

The Clark foundation, founded by Avon Products heiress

Edna McConnell Clark and her husband, Van Alan Clark, controlled about \$1 billion in assets at its peak, in 2016 when it announced the plan to spend down. By the end of this year, the foundation expects it will have deployed or committed 95 percent of its assets.

In a 2016 interview with the Chronicle, Nancy Roob, Clark’s president, said the decision reflected the founders’ intention that their philanthropy not exist in perpetuity. “We’ve always been driven by maximizing impact,” she said, a mind-set that characterizes the large investments and focus on evaluation undertaken by Blue Meridian.

Closing Shop

Relatively few large foundations decide to wrap up their business and close shop. By directing about 5 percent of their assets — the federally mandated minimum — to grants and related expenses, most foundations strive to exist well into the future. According to a 2016 survey by the Center for Effective Philanthropy, just 16 percent of foundation leaders believe spending down assets is a promising strategy.

However, in recent years the Bechtel, Quixote, and Raikes foundations and Atlantic Philanthropies have either made their last grants or announced that they will sunset.

Roob and Larry Clark, the Clark Foundation’s chairman, said in a statement that the urgency of multigenerational poverty in the United States required them to put all of the foundation’s capital toward “the best of what works, right now.”

Roob and Clark said they felt a responsibility to glean and share lessons from the foundation’s large-scale approach.

As the foundation reaches its final stage, they stressed that making an impact is a greater priority than securing the original funders’ legacies. “We know we are contributing to something more meaningful than a namesake: a future in which every child has the opportunity to achieve his or her full potential,” they said.