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New report on Silicon Valley Nonprofits and Philanthropy

by Alexa Cortés Culwell and Heather McLeod Grant

Why are Silicon Valley community-based organizations struggling to meet demand in one of the wealthiest and most sophisticated regions in the world? Why aren't more Silicon Valley philanthropists directing their dollars toward local organizations and issues, in addition to national or global causes? And why hasn't more entrepreneurial ingenuity been harnessed to solve local problems?

A new report, *The Giving Code: Silicon Valley Nonprofits and Philanthropy* by leading experts in philanthropy and social impact, Alexa Cortés Culwell and Heather McLeod Grant, sets out to answer these questions. The report finds that **while Silicon Valley philanthropy is booming—with a 150% increase in individual giving, from 2008 to 2013, to nearly \$5 billion—a relatively small proportion of this giving—less than 10% across all sources—is being invested locally in community-based organizations.**

Instead, the vast majority of philanthropy is going outside the region, or to Silicon's Valley's largest institutions and private schools—leaving nonprofits on the frontlines of providing critical human services struggling to survive. 80% of local nonprofits reported an increase in demand for their services, even as they have a hard time paying the rent, hiring talent, and maintaining financial stability. And, 51% say they will not be able to meet demand for their services this year. The report finds that Silicon Valley's nonprofits are worse off than the national average.

These findings, compiled in this report for the first time, are based on conversations with more than 300 high net worth individuals and their advisors, and leaders of community-based organizations—and analysis of extensive giving and nonprofit data from across the region.

The Giving Code reveals a shocking "prosperity paradox" pervasive across the Bay Area, and illustrates how it is playing out in Silicon Valley's philanthropy, with skyrocketing wealth alongside growing displacement of vulnerable populations, and a declining quality of life. While the Valley's technology companies generated \$833 billion in sales last year, and the region boasts more than 76,000 millionaires and billionaires, the middle class is shrinking, and nearly 30 percent of residents—roughly 800,000 people—rely on some form of public or private assistance to get by.

This groundbreaking report provides an in-depth portrait of the region's nonprofit and philanthropy ecosystems—their size and shape, how they operate, where and why they do or do not intersect. It also examines and challenges Silicon Valley's "emerging giving code"—an implicit approach to philanthropy embodied by the region's new hi-tech donors, who seek to be "bigger, better, and faster," while being inherently skeptical of nonprofits. In effect, Silicon Valley's local nonprofits and its newly wealthy donors operate in their own worlds, with surprisingly little dialogue or collaboration with one another.

Despite these divides, the authors strongly contend that this problem can be solved by bridging critical gaps of knowledge, networks, mindsets, and empathy in Silicon Valley. They show how the Valley's

nonprofits and philanthropists can forge a common language, frameworks and relationships that bring talented people from across sectors together to work on common local problems.

Culwell and Grant underscore the urgency of the problem and conclude by reminding both sides—local nonprofits as well as wealthy philanthropists—that Silicon Valley "already has all the resources, ingenuity, and assets it needs to create positive social change, if we can just bring these groups together in service of shared community."

About the Authors:

Alexa Cortés Culwell is the co-founder of Open Impact and a longtime philanthropy advisor, speaker, and facilitator. For the past 25 years she has built and managed foundations and philanthropic initiatives for successful entrepreneurs, including serving as the founding CEO of the Charles and Helen Schwab Foundation. She recently completed a four-year appointment as a visiting practitioner at Stanford University's Center on Philanthropy and Civil Society. Prior to Open Impact, Alexa founded the strategic advisory firm Philanthropy Futures in 2011. She has served on the Center for Effective Philanthropy's board for more than a decade, and has been a long-standing board member of New Door Ventures. Her work has been cited in *Harvard Business Review* and *Stanford Social Innovation Review*. Alexa earned her undergraduate degree from UC Berkeley and a Master of Nonprofit Administration from the University of San Francisco.

Heather McLeod Grant is the co-founder of Open Impact and a social entrepreneur, author, and consultant with 25 years of experience in social change. She is coauthor of the bestselling *Forces for Good: The Six Practices of High-Impact Nonprofits*, named a Top Ten Book of the Year by The Economist, and numerous case studies, articles and other publications. Previously she was the principal of McLeod-Grant Advisors. Heather helped lead the nonprofit practice at Monitor Institute and served as a McKinsey & Company consultant. She began her career as an Echoing Green Fellow when she cofounded *Who Cares*, a national magazine for young social entrepreneurs published from 1993 to 1999. She is a Venture Partner with Draper-Richards-Kaplan and has served on numerous local, national, and global nonprofit boards. She holds an MBA from Stanford University and an AB from Harvard University.

For more information please visit: <https://www.openimpact.io/giving-code>

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