



# Funding the Future

Grantmaker Strategies in AI Investment  
Executive Summary

Sarah Di Troia  
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## About Project Evident

Project Evident harnesses the power of data, evidence, and technology to create greater impact. We enable practitioners (nonprofits, districts, and state education agencies) and their funders to make better use of these resources. We are driven by the belief that when practitioners are better supported, we are all more likely to achieve meaningful and equitable outcomes.

We offer a range of services designed to strengthen individual leaders and organizations, elevating these experiences to develop tools and resources for the field. Project Evident is at the forefront of next-generation evidence practice in the social and education sectors. We center practitioners and the communities they serve, advance an inclusive research and development approach, and embrace scalable, ethical, and cost-effective technology, capacity-building, and knowledge sharing.

Project Evident engages practitioners and funders who share a sense of "constructive dissatisfaction"—those motivated to improve and grow, and who seek real, transformative solutions backed by evidence. Our team takes a holistic and actionable approach to our work, with a strong commitment to delivering shared outcomes. For more on [Next Generation Evidence, please see our e-book](#). (It is free through a Creative Commons license.)

## About OutcomesAI

Project Evident's [OutcomesAI](#) practice provides consulting, technical assistance, resources, and tools to support practitioners, nonprofits, school districts, and funders. We do this by strengthening their ability to use AI to understand and improve their impact, support decision-making, advance R&D, and allocate resources toward better and more equitable outcomes. We recognize the potential for misuse of data, evidence, and technology and seek to limit harmful practices. Project Evident's differentiator is in the use of AI for Outcomes. We support processes to detect and avoid any technology overriding our evaluative work in delivering equitable outcomes.

AI offers incredible potential to enhance equitable outcomes for communities, so it must be implemented carefully. Our work will ensure that organizations understand the opportunities AI presents to free staff to focus on mission and enhance outcomes and how to integrate it in ways that prioritize equity and transparency. Project Evident serves on the EDSAFE AI Steering Committee and strongly recommends the [S.A.F.E. Benchmarks Framework](#) for K-12 AI efforts. Our society needs the social and education sectors' collective voice in shaping policies and laws on AI integration into our economy. Increasing these sectors' knowledge about AI and encouraging safe experimentation will inform and strengthen that voice.



# Funding the Future

## Grantmaker Strategies in AI Investment

### Introduction

#### Why this Matters: Innovation and the Role of Philanthropy

We are experiencing unprecedented global innovation; worldwide spending on artificial intelligence (AI) is expected to double by 2028, reaching \$632 billion.<sup>1</sup> Unsurprisingly, innovation is a core investment in the for-profit sector. However, investment in innovation, especially technology-enabled innovation, is where the social and education sectors have lagged. At this moment, Philanthropy has a unique and crucial role in fueling new AI-powered approaches to enhancing safe and fair outcomes. Philanthropy is often characterized as flexible capital; funders are unique across all sectors in their positioning to take risks to fund promising pilots and experiments. In our February 2024 work, [Inspiring Action: Identifying the Social Sector AI Opportunity Gap](#), we reported that more practitioners than funders (by over a third) claimed their organization utilized AI. Given that nonprofits rely on funders for capital, we hypothesized that this difference in AI use could impede funding for AI experimentation. If funders are not AI-engaged, they risk falling behind and not capitalizing on their distinctive value proposition of being flexible capital and funding social innovation that is not about driving revenue through data collection. In this new research, we sought to learn how the philanthropic sector is grappling with and funding AI to address social challenges. We found some funders are directly engaging with AI initiatives and restructuring themselves to have AI at the core of their grantmaking strategy. Others are proceeding more cautiously, prioritizing research and careful consideration before making significant commitments. There is tension between “doing” (taking action) and “mapping/understanding” (research and reflection), reflecting a broader question in the sector: how do we balance innovation with responsibility?

“You can always find a reason to not fund something, to not give organizations the space and capacity to be able to do exploratory work because it can feel precarious or dangerous. Our role as the funder is not for us to mitigate every single possible scenario that can happen as a piece of these projects. You need to empower organizations to do that work as part of a trust-based philanthropy approach.”

– Kevin Bromer, Ballmer Group

What is not in question among funders in our research is that AI will fundamentally change their work and society. Grantmakers and practitioners have an essential voice in discussing how we should incorporate AI into civil society. While the U.S. does not yet have a federal AI policy,

<sup>1</sup> [Worldwide Spending on Artificial Intelligence Forecast to Reach \\$632 Billion in 2028. According to a New IDC Spending Guide](#). (2024, August 19). IDC



states have already enacted over 300 pieces of AI legislation in 2023-2024.<sup>2</sup> However, the only way to develop a point of view on something new like AI is to use it. The pace of philanthropy's involvement in funding AI innovation will directly affect how quickly grantmakers and practitioners develop a point of view to share about AI and its role in our society. Our theory of change is simple: if grantmakers fund practitioners to use AI, then both will be better equipped to support shaping AI's role in civil society.

### **Project Purpose and Goals: Objectives of the Research**

Our research examined how funders approach grants for AI implementation among nonprofits and does not address broader issues such as climate implications, regulatory frameworks, and workforce concerns. We defined AI implementation as funding that could support a technical build of an algorithm, purchase of an AI application or tool, support for an AI technical consultant, purchase of compute, purchase of AI credits (e.g., to run ChatGPT, Claude, etc.), or other investments to implement AI. We focused on AI implementation, distinct from AI research or framework development, to understand how grantmakers gauge the risk and ethics of AI use by practitioners and the reward of potentially enhanced outcomes. Analyzing grantmaking practices, processes, and technical due diligence criteria allows us to share emerging practices and accelerate grantmaking to support AI experimentation across the social and education sectors.

“While technological advancement often overlooks the needs of the most vulnerable, we see a need to prepare nonprofits to leverage this moment of AI transformation.”

– Shannon Farley, *Fast Forward*

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<sup>2</sup> Curry, H. (2024, October 22). [2024 State Summary on AI](#). BSA TechPost.



## Key Insights from Funding the Future

- **Practice Makes Perfect:** Funders who have an AI strategy in place or report that more than 50% of the proposals they review include an AI implementation request are more confident in their ability to assess proposals' technical feasibility and ethical impacts.
- **Evolution of Program Officer Roles:** A significant number of respondents use internal or external support to evaluate the technical feasibility or ethical impact of AI implementation proposals. This potentially points to an evolution of funder staff roles and capabilities.
- **Think Sustainability at the Beginning:** Philanthropy has a poor history of supporting ongoing technology investment, yet AI is not a one-time static investment. Funders are placing a greater emphasis on scalability as it relates to the cost and maintenance of systems.
- **Get Clear on Safe and Fair AI:** When we asked for the top three considerations for assessing ethical impacts, the responses were much more diffuse, as opposed to the same question for technical feasibility, where there was greater consensus on what considerations were most important. Different perspectives and definitions of ethical impacts could send a blurry signal to grantees and AI developers about what matters most to guard against negative ethical impacts.
- **No Dumb Questions – But Some Right Answers:** In our interviews about proposal assessment and analysis of investment rubrics, we saw a coalescence of the types of questions funders think are important and the answers they believe would constitute success.
- **A Big, Hazy Future:** There is broad agreement that AI will significantly change how philanthropic funders undertake grantmaking and how grantees pursue their mission. However, there are many different perspectives on what the future could look like, from optimism about sector-wide capacity enhancement to caution about the need for standards for AI accuracy and quality.



## Recommendations

AI adoption represents a massive shift for the philanthropic, social, and education sectors. To promote more coherent grantmaking in support of emerging, broader-scale adoption, funders might consider the following recommendations for strategic investing along the adoption curve to promote confidence building, capacity strengthening, implementation, financial planning and support, and progress monitoring. Based on the survey and interview findings, we recommend six action areas for the social and education sectors to consider:

- **Add Capability to Assess Grants:** Most respondents seek assistance evaluating technical feasibility in grant proposals from staff or trusted third parties. However, more attention to building shared assessment capabilities for all funders could accelerate more confident AI grantmaking across the sector.
- **Strengthen Ethical Technical Plans:** Respondents often frame AI ethical assessments within their existing equity and social justice frameworks. Although this is a good start, AI creates more specific concerns about fairness and safety, requiring stronger collaboration and integration of ethics in technical feasibility. Again, this is an opportunity for funders to collaborate and create a shared training resource to support program officers.
- **Build Trust Together:** Half of the respondents identified community involvement in the design process as one of the top three considerations when assessing the ethical impacts of technology. Prioritizing enhanced community involvement in AI project design will help mitigate risk, build trust, and help reduce bias. (Further details can be found in the AI investment rubric in [Appendix](#)).
- **Promote Flexibility with General Operating Grants:** Respondents loosely indicate more general operating and fewer project-related grants to support AI adoption. While the data was difficult to parse, prioritizing unrestricted flexible funding is critical given the emergent nature of AI adoption among nonprofits.
- **Accelerate Learning:** ~60% of funders rely on informal networks or do not engage with peers to improve their capacity to evaluate AI proposals. Given the enormity of the AI opportunity, more formal networks and learning groups, aligned and shared grantmaking practices, and common frameworks and field tools could accelerate philanthropic practice and learning about AI grantmaking. Intentional learning is strategic and necessary as the field advances.
- **Enhance Due Diligence through AI-specific Rubrics:** We recommend that funders create an AI-specific rubric that includes technical and ethical queries and lays the groundwork for measuring outcomes in AI proposals, not just outputs that indicate AI use. Given the newness of AI in the social sector, the tenets of trust-based philanthropy, transparency, and collaboration remain even more important for shared learning



## Research Participants

True to any research on an emerging practice, finding participants for the interview and survey was hard. We know from our research, [Inspiring Action: Identifying the Social Sector AI Opportunity Gap](#), that ~80% of funders in that sample did not have a separate technology priority of funding area, and ~70% did not anticipate creating a technology funding area in 2024. Concern that AI is biased was the most cited challenge experienced by funders in AI adoption; however, uncertainty about who owns AI learning and implementation could also contribute to lagging AI adoption.

To find funders who had made at least one grant to implement AI, we promoted the survey through the networks of Project Evident and the members of our design committee, organizations that serve grantmakers (e.g., GEO, Peak Grantmaking), and funder collaboratives (e.g., Data Funder Collaborative, Grantmakers for Thriving Youth). We collected data about the AI grantmaking practices of 38 U.S. philanthropies through a survey with 34 respondents and 21 interviews with staff members.

Our sample includes organizations with varying budget sizes and focus areas and represents corporate foundations, family foundations, general foundations, and foundations that pool funding from multiple donors. Notably absent from our sample are community foundations. The majority of our sample (88%) comes from the largest 10% of foundations, defined as those with annual grantmaking budgets over \$10M.<sup>3</sup> Compared to the foundation community, the relative wealth of the foundations in this research may limit the practicality or feasibility of adopting some documented practices. This insight underpins our recommendations for investment in shared third-party resources to support AI professional development and technical due diligence.

Six funders more heavily engaged in funding AI implementation shared their internal grantmaking rubrics or scoring criteria. We reviewed these artifacts to look for patterns and created a blended investment rubric that includes areas for inquiry and responses they consider satisfying. Although our research findings show varying engagement, confidence, and funding levels, we see a growing recognition of AI's importance.

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<sup>3</sup> FoundationSource. (2023). (rep.). [2023 Report on Private Philanthropy](#).



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