RESEARCH BRIEF

Funding to bridge the digital divide:

U.S. philanthropic giving to digital equity causes

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FOREWORD

Almost one in two people on the planet still don't have access to the internet. 120 million Americans still live without broadband. As the pandemic moved many of life's essential services online, the steep human costs of this digital divide came into sharp focus.

To understand how the Covid-19 crisis affected the work of civil society, TechSoup surveyed its membership and of the nearly 12,000 organizations who responded, **four in five** said their services were disrupted because their communities didn't have internet access. Millions of the world's most marginalized people were left without vital support at their moment of greatest need. Without internet access, people went unserved, civil society was unable to serve, and the impact that philanthropy invests to achieve was stalled.

With governments and economies rapidly digitizing, achieving digital equity — a state in which **all** individuals have the digital access, tools, and skills they need to operate in our digitizing society — is essential for civil society to deliver programs and achieve missions. Ensuring everyone has fast, reliable, affordable internet access is fundamental to progress on the causes we care most about — from education and economic development, to health and civic participation — within the communities we most care about.

With digitalization so profoundly impacting the issues funders invest in, philanthropy must build an understanding of how the digital divide impacts its work and develop strategies to tackle it.

To that end, this brief seeks to understand the extent to which philanthropy has invested in digital equity. As you'll see, the results suggest that the volume of grants awarded up to 2020 falls far short of what is needed. There is a huge opportunity for philanthropy to get involved in the digital equity space and make a significant impact.

And there has never been a better time. $65 billion of federal money is making its way to fund broadband projects in the United States, and hundreds of billions more is being invested by the European Union and other governments around the world. Philanthropy is critical to ensuring these funds get to the communities that need them most.

During Covid-19, funders ramped up grants in digital programs for emergency connectivity (although we don't yet have the data to quantify how much). As a sector, we must build on this momentum and focus on strategies to meet the long-term digital needs of all families.

This brief gives us a benchmark to build from. We look forward to working with you to support communities to build the internet they need to participate fully in a digital society.

Chris Worman
Co-Founder, Chief Strategy and Partnerships Officer
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OVERVIEW & EXECUTIVE SUMMARY

Access to the internet has become increasingly important to economic, political, and social aspects of life in the United States and globally. However, many communities today encounter barriers to access, connectivity services they cannot afford, and devices they do not have the skills to use. In this research brief, we examine U.S. institutional philanthropic giving towards digital equity. Some of the key takeaways from this analysis are:

- Funding for digital equity makes up less than 1% of overall giving by large foundations.
- Giving towards digital equity has remained largely stagnant over the past decade.
- Recent digital equity funding has largely come in the form of relatively small grants.
- Climate change receives nearly 10 times as many grants as the digital divide.
- The most common support strategy for funding digital equity is through programs.
- Among grants that specified a population served, economically disadvantaged people and youth/children were most often listed.
- The majority of funding by U.S. funders goes to domestic causes. Within the US, the majority of funding went to CA, NY, MA, and DC.

What is digital equity and the digital divide?

The National Digital Inclusion Alliance defines digital equity as "when all individuals and communities have the information technology capacity needed for full participation in our society, democracy, and economy."

For the purposes of this report, we count grantmaking as helping us move towards digital equity when they are coded as addressing the "digital divide" within Candid's taxonomy system. Within the taxonomy, the digital divide is defined as the "study and remediation of the inequality of access to digital technologies, especially Internet access, reflecting economic and social inequalities between segments of society or between nations..."

The code for digital divide also captures access to knowledge and skills needed to use technology tools and information, as well as captures research or practical measures intended to address digital inequality, including services and education targeted to underserved communities and population segments such as people of color, the elderly, people in rural areas, and the poor.

Research questions addressed in this brief.

Specifically, we seek to explore and find answers to the following research questions:

- How has philanthropic funding awarded by U.S. funders fluctuated over the past decade?
- In terms of recent funding…
    - How much funding is there and what is the distribution of funding by grant size? How does this compare to other areas of funding?
    - How are grants being awarded and what strategies are they using?
    - Where does funding awarded by U.S. funders go (both in the U.S. and globally)?
    - How much funding explicitly identifies specific population groups (e.g., communities of color, youth, and rural communities)?

The following sections highlight what we have learned in terms of answering these questions.

FUNDING OVER THE LAST DECADE

How has philanthropic funding awarded by U.S. funders fluctuated between 2010-2019?

To measure how philanthropic funding has fluctuated over the past decade, Candid uses its annual research set which contains grants of $10,000 or more awarded by a consistent set of 1,000 of the largest U.S. foundations. The set allows us to conduct a longitudinal study of funding change.

Over a 10-year period, from 2010 through 2019, large U.S. foundations gave an average of .05% of their total funding to digital divide. The proportion ranged from a high of .09% in 2012 to a low of .02% in 2015. The share of the number of grants awarded was more stable from year to year and averaged .05%.

In dollars, the average amount of funding across the 10-year period has been $15 million dollars. Funding dollars peaked in 2019, totaling $23.3 million, and the lowest funding year was 2015, totaling $7.7 million dollars.

Looking at 3-year averages in funding dollars, there seems to be a gradual increase in grant dollars, with a dip around 2015. Large foundations awarded an average of $15.6 million from 2011-2013, $11.3 million from 2014-2016, and $20 million from 2017-2019.

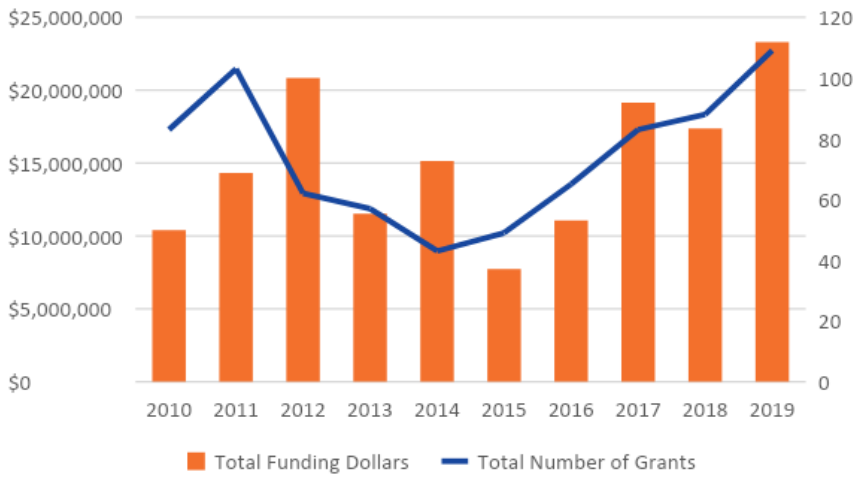

Figure 1. Total funding dollars and number of grants for digital divide, 2010-2019[1]

[1] Source: Candid, 2022. Includes grants of $10,000 or more from 1,000 large U.S. foundations.

Years	Total funding dollars	Total number of grants	Minimum Amount	Maximum Amount	Median Amount	Mean Amount
2010	$10.4 M	83	10,000	1,468,722	50,000	125,165
2011	14.3 M	103	10,000	1,507,110	50,000	139,109
2012	20.8 M	62	10,000	3,000,000	150,000	336,079
2013	11.5 M	57	10,000	2,500,000	63,358	201,913
2014	15.1 M	43	10,000	4,904,460	100,000	351,798
2015	7.7 M	49	10,000	1,535,792	75,000	157,712
2016	11.1 M	65	10,000	2,100,000	60,000	170,177
2017	19.1 M	83	10,000	2,200,000	65,000	230,591
2018	17.4 M	88	10,000	2,300,000	88,038	197,479
2019	23.3 M	109	10,000	2,713,578	75,000	213,719

Table 1. Total funding dollars and number of grants for digital divide, 2010-2019[2]

The largest grant from this period was awarded to the International Research and Exchanges Board in 2014 by the Bill and Melinda Gates Foundation, totaling $4.9 million dollars. This grant was awarded for a 15-month period to institutionalize sustainable support for modern public libraries that respond to community needs, particularly to provide public access to technology and the internet.

Key takeaways

Looking back over the last decade, we found that funding for digital equity consistently made up less than one tenth of 1% of overall giving by large foundations. Importantly, we also found that overall giving towards digital equity seems to have remained largely stagnant over the past decade, with little increase in funding between 2010 and 2019 despite the substantial increased dependence on digital access in society at large over this same period.

[2] Source: Candid, 2022. Includes grants of $10,000 or more from 1,000 large U.S. foundations.

The findings above help us get a sense for giving trends by observing a controlled set of funders over a ten-year period. We are also curious about the broader funding picture, and what has taken place during more recent years. In the section below we answer additional questions based on all grants to digital equity captured so far, awarded in 2018-2020.

Recent funding: 2018-2020

For a look at funding for digital equity in recent years, we analyzed Candid's broader database (rather than just the largest funders). This database is comprehensive in terms of being inclusive of a wide variety of funders. However, because many foundations have not yet completed their tax filings for recent years, it is too early to estimate the total amount of funding for a given year.[3] Rather, for the following analyses, we used either sums or averages for funding between 2018-2020 (as available as of June 10, 2022). Aggregating across these years gives us a more accurate picture of recent giving because it helps smooth out some of the data outliers that may be due to incomplete data or flukes in giving.

How much funding is there and what is the distribution of funding by grant size?

Looking at grants of all sizes awarded for the digital divide from 2018 to 2020, average funding per year totals $38.6 million, and the average number of grants awarded is 340. In total, we have identified 1,020 grants amounting to $115.7 million awarded for digital divide between 2018-2020, so far.

Grants ranged in size from $25 dollars to $10.5 million dollars. The median grant amount was $23,000 dollars, and the mean $114,000 dollars. A wide majority of grants awarded (70%) totaled between $1,000 and $100,000 dollars. Only 23 grants (2%) amounted to over $1 million dollars.

Half of total dollars ($58.3 million) from 2018 to 2020 so far are coming from the top 10 funders alone. The top funder this period is the Ford Foundation, which has awarded 41 grants totaling $20.7 million. Their largest grant was awarded in 2018 to Upturn, based in Washington, D.C. for $3 million. It was a general support for research and analysis of emerging issues in technology and public policy to address long-standing social inequities, and for core support for institutional strengthening.

[3] Some of our recent analyses suggest that as much as 50% of 2020's institutional philanthropic giving cannot yet be accounted for via tax filings.

	Name	Location	Dollars awarded	No. of grants
1	Ford Foundation	NY	$20.8 M	41
2	New Venture Fund	DC	14 M	22
3	Foundation to Promote Open Society	NY	4.5 M	16
4	The JPMorgan Chase Foundation	NY	3.8 M	7
5	Cleveland Foundation	OH	2.8 M	6
6	The Susan Thompson Buffett Foundation	NE	2.8 M	2
7	John D. and Catherine T. MacArthur Foundation	IL	2.5 M	6
8	Mozilla Foundation	CA	2.4 M	19
9	Seattle Foundation	WA	2.4 M	15
10	Silicon Valley Community Foundation	CA	2.3 M	31

Table 2. Top 10 funders of digital divide grants by dollars awarded, 2018-2020[4]

The top 10 recipients in this set received 36% of all dollars awarded. A significant portion of this comes from the largest grant in this set, which was awarded to Massachusetts Institute of Technology (MIT) in 2019 by New Venture Fund for $10.5 million dollars to support technology and innovation initiatives. This single grant also propels MIT to top the list of recent grant dollar recipients. Girls Who Code received the greatest number of grants, totaling 157 between 2018 and 2020, so far.

	Name	Location	Dollars received	No. of grants
1	Massachusetts Institute of Technology	MA	$10.5 M	1
2	Girls Who Code Inc	NY	5.6 M	157
3	Upturn	DC	4.4 M	9
4	Communications Consortium Media Center	DC	3.2 M	9
5	Good Things Foundation	United Kingdom	2.7 M	1
6	Intervozes - Brazil Social Communication Collective	Brazil	2.5 M	2
7	World Wide Web Foundation	DC	2.3 M	8
8	Invested	WA	2.2 M	5
9	Digital Divide Data	NY	2 M	24
10	Galveston Independent School District	TX	2 M	1

[4] Source: Candid, 2022.

Table 3. Top 10 recipients of digital divide grants by dollars received, 2018-2020[5]

Key takeaways

Recent digital equity funding has largely come in the form of relatively small grants. 70% of grants for digital equity between 2018-2020 have been for amounts between $1,000-100,000. Only 2% of grants were for over 1 million dollars. There are also relatively few funders of digital equity. The top 10 funders accounted for half of philanthropic giving toward digital equity, with the Ford Foundation accounting for roughly 18% of funding during this time period to date.

How does this compare to other areas of funding? (Climate change)

To situate digital equity funding within the broader philanthropic landscape, we were curious how it compared to other types of funding. We selected climate change as a comparison group, as it is a cause that has similarly global relevance, has gained traction in recent years, and intersects with equity. We found that there have been 9,800 grants awarded targeting climate change between 2018-2020 so far. Of these grants, the median grant amount was $25,000 dollars, and the mean $221,000 dollars.

Grants ranged in size from $10 dollars to $45.9 million dollars—a much wider range than that for digital divide. Similarly, however, a wide majority of grants (65%) ranged from $1,000 and $100,000 dollars in amount. 431 grants (4%) have been awarded for climate change at a value of $1 million dollars or more.

Total grant amount	Number of Digital divide grants	%	Number of Climate change grants	%
$0 – 1,000	70	7 %	718	7%
$1,000 – 100,000	712	70	6377	65
$100,000 – 500,000	181	18	1881	19
$500,000 – 1,000,000	29	3	383	4

[5] Source: Candid, 2022.

$1,000,000 – 10,000,000	22	2	398	4
More than $10,000,000	1	0.1	33	0.3
Null amount	5	0.5	10	0.1
Total	*1020*		*9800*	

Table 4. Distribution of grants for digital divide and climate change by total grant amount, 2018-2020[6]

Key takeaways

In general, we found a similar distribution of funds between digital divide funding and climate change funding—with the majority of grants falling in the $1000-100,000. However, when it comes to quantity, we saw a marked difference, with climate change receiving nearly 10 times as many grants as the digital divide. We also saw a slight difference in very large grants—with grants over 1 million accounting for about 4% of climate change grants compared to just 2% of digital divide grants.

How are grants being awarded and what strategies are they using?

We were also interested in understanding more about what types of grants were being awarded and whether grantmakers were funding with specific strategies in mind (e.g., general operating support; policy, advocacy, and systems reform).

We found that the majority of grant dollars (50.8%) were directed toward programs; this designation includes support and/or development of new or existing projects or programs. Nearly a quarter of grant dollars went toward general support, and nearly another quarter toward policy, advocacy, and systems reform. A closer look at funding for policy, advocacy, and systems reform suggests that the majority of this funding addressed "equal access". According to Candid's taxonomy, equal access describes efforts to ensure equal opportunity and access to services, resources, and/or advancement in particular fields of activity.

[6] Source: Candid, 2022. Some grants are reported without dollar values and are represented as "Null amount".

Support strategy	Dollar amount	%	No. of grants
Program support	$58,816,445	50.8 %	372
Policy, advocacy, and systems reform	28,275,611	24.4	246
Capital and infrastructure	27,038,361	23.4	236
General support	26,933,595	23.3	165
Publishing and productions	25,486,635	22	256
Capacity building and technical assistance	9,828,285	8.5	113
Research and evaluation	4,128,913	3.6	30
Network building and collaboration	3,706,174	3.2	84
Public engagement and marketing	1,693,753	1.5	31
Financial sustainability	1,143,249	1	23
Product and service development	1,001,127	0.9	32
Individual development and student aid	857,500	0.7	12
Leadership and professional development	303,000	0.3	7

Table 5. Grant dollars awarded to digital divide by support strategy, 2018-2020[7]

Key takeaways and directions for future research

It is not surprising that the top support strategy is programs, as that is also the top strategy funded in the U.S. nonprofit sector at large (see the U.S. Social Sector Dashboard for field level support strategy breakdowns). However, it is perhaps surprising that such a large proportion of funding (over 50%) focuses on programs—substantially higher than the overall average (34%). Future research should explore what types of programs are being funded, and whether or not this is the most effective way to increase digital equity.

[7] Source: Candid, 2022. Grants may have multiple support strategies and may therefore be counted in more than one category. A support strategy could not be determined for 7 percent of grants. Support strategy categories are based on both the grant description and recipient information. The full value of each grant is counted toward each applicable category.

Where does funding awarded by U.S. funders go (both in the U.S. and globally)?

U.S.-based grant recipients

When looking at the distribution of grants awarded to U.S.-based recipients by region, we found that the Southern United States received the largest share of dollars (35.9%), followed by the Northeast (32.1%). Most of the dollars in the South are going to the District of Columbia (28.2%) – which alone receives more dollars than the West (18.3%) and Midwest (13%) regions respectively.

The three states with the greatest amount of funding dollars received are New York, Massachusetts, and California. These are the only states that received a total of over $10 million in funding from 2018-2020. For the state of Massachusetts, however, one grant for the Massachusetts Institute of Technology totaling $10.5 million comprised most of their funding. A handful of states have received only one grant directed for digital divide, ranging from $50,000 to $3,000, and are all located in the South or Midwest (Mississippi, Arkansas, South Dakota, Louisiana, Idaho).

Region / State	Dollar amount	%	No. of grants
Northeast	$33,145,873	32.1%	342
Connecticut	27,900	0	2
Maine	189,000	0.2	13
Massachusetts	13,889,854	13.5	38
New Hampshire	14,000	0	3
Rhode Island	124,000	0.1	2
New Jersey	476,675	0.5	9
New York	15,436,620	14.9	239
Pennsylvania	2,987,824	2.9	36
Midwest	13,399,408	13	145
Illinois	2,999,948	2.9	30
Indiana	700,542	0.7	5

Michigan	957,961	0.9	11
Ohio	2,545,271	2.5	18
Wisconsin	201,640	0.2	5
Iowa	53,000	0.1	**3**
Kansas	1,161,630	1.1	24
Minnesota	4,187,454	4.1	41
Missouri	67,367	0.1	4
Nebraska	519,423	0.5	3
South Dakota	5,172	0	1
South	37,021,650	35.9	257
District of Columbia	*29,164,507*	*28.2*	*146*
Florida	723,543	0.7	20
Georgia	286,151	0.3	5
Maryland	260,870	0.3	4
North Carolina	781,887	0.8	19
South Carolina	113,627	0.1	2
Virginia	287,504	0.3	9
West Virginia	50,000	0	2
Alabama	18,500	0	3
Kentucky	275,000	0.3	2
Mississippi	50,000	0	1
Tennessee	653,000	0.6	5
Arkansas	10,000	0	1
Louisiana	4,969	0	1
Oklahoma	6,500	0	2
Texas	4,335,592	4.2	35
West	18,878,800	18.3	186

Arizona	568,741	0.6	7
Colorado	468,021	0.5	9
Idaho	3,000	0	1
Montana	13,724	0	3
Nevada	12,500	0	2
New Mexico	394,275	0.4	4
Utah	279,352	0.3	4
Alaska	6,500	0	2
California	13,022,887	12.6	130
Hawaii	178,000	0.2	4
Oregon	100,483	0.1	7
Washington	3,831,317	3.7	13

Table 6. Grant dollars awarded to U.S. recipients for digital divide by U.S. region and state, 2018-2020[8]

Looking at grants directed for rural areas[9] from this set, only 6.7% of all grants awarded between 2018 and 2020 identified working in rural areas or for rural development and studies. This amounts to 68 grants and $5.9 million dollars.

International grant recipients

Of the 1,020 grants awarded by U.S funders between 2018-2020 so far, 934 grants benefited U.S.-based recipients. Grants were also awarded to recipients based in other countries though in smaller numbers. The United Kingdom received the second most dollars after the United States, in large part due to one grant totaling $2.7 million from The JPMorgan Chase Foundation in 2019 to the Good Things Foundation based in Sheffield for economic mobility and career pathways. Intervozes – Brazil Social Communication Collective received two grants from the Ford

[8] Source: Candid, 2022. Geographic regions are defined by the Office of Management and Budget. Grant dollars are assigned to states based on the recipient organization's location. Grant dollars may be benefiting other states or regions if recipient organizations are based in one state, but they might conduct work in another. This is not reflected here.

[9] To identify grants directed for rural areas, we conducted a keyword search for 'rural', 'rural development', and 'rural studies' in recipient names and grant descriptions, or their respective PCS codes. We also searched for grants awarded to US recipients with no assigned Metropolitan Statistical Area (MSA).

Foundation in 2018 totaling $2.5 to promote and defend digital rights and other human rights related to media and culture.

	Country	Dollar amount	No. of grants
1	United States	$102.5 M	934
2	United Kingdom	3.1 M	6
3	Brazil	3 M	5
4	France	1.2 M	6
5	India	1 M	3
6	Argentina	969.5 K	5
7	Poland	700 K	2
8	Germany	351.5 K	3
9	Israel	302.3 K	8
10	Netherlands	285 K	3
11	Canada	281.9 K	3
12	Uganda	278 K	4
13	Colombia	224.7 K	4
14	Italy	150 K	1
15	Turkey	93.2 K	1
16	Costa Rica	77.5 K	1
17	Lebanon	50.1 K	3
18	Mexico	50 K	1
19	Kenya	43 K	1
20	Ghana	40.6 K	1
21	Nigeria	28 K	1
22	Cameroon	25 K	4
23	Chile	23.5 K	1
24	Thailand	20 K	1

25	Paraguay	15 K	1
26	South Africa	15 K	1
27	Ukraine	6.5 K	1

Table 7. Summary of grant dollars by country, 2018-2020[10]

Key takeaways and directions for future research

In terms of funding to various U.S. states/districts, there are some clear "haves" and "have nots". Specifically, 69.2% of domestic funding went to CA, NY, MA, and DC, leaving only 30.8% going to the remaining 47 states combined. Future research could more closely examine both the possible reasons for this disparity (e.g. state level legislation or policy), as well as whether funding is actually going to the communities that need it most.

In terms of international funding, it is not surprising that US funders primarily fund US recipients. However, given that research on global philanthropy is still sparse, future research should further explore whether U.S. international funds are going to where they are needed most.

How much funding explicitly identifies specific population groups?

To explore who was served by digital divide funding, we analyzed Candid's population data, looking at codes applied to the award and the recipient organization, when available. Overall, 35% of grants did not specify a population group, or simply targeted the general public. These grants were excluded from further analysis within this specific research question.

Within the remaining grants that did specify a population, many listed multiple groups. In the table below, we include the full amount under each population (see limitation section for more information). Using this methodology, economically disadvantaged people made up the largest proportion of dollars for a specific population group, followed by children and youth. Ethnic and racial groups were the explicit focus of 12% of dollars. Native Americans were the target recipients of just 5 grants totaling 0.4% of grant dollars.

[10] Source: Candid, 2022. Grants are assigned to countries based on recipient location, not geographic area served. Recipients may be based in one country but may conduct work in other geographies.15 grants were not matched to a country and are thus not included.

Population group	Dollar amount	%	No. of Grants
Economically Disadvantaged People	$33.3 M	28.8%	302
Children and Youth	19.7 M	17	351
Ethnic and Racial Groups	14 M	12.1	103
General	12.2 M	10.6	74
African Americans and Black Peoples	554.5 K	0.5	8
Asians and Pacific Islanders	92.5 K	0.1	4
Hispanics and Latinos	625 K	0.5	6
Native Americans	498.5 K	0.4	5
Middle Eastern Americans	246.1 K	0.2	8
Multiracial People	475 K	0.4	2
Women and Girls	6.7 M	5.8	182
People with Disabilities	2.8 M	2.4	21
Immigrants, Migrants, and Refugees	2 M	1.7	11
Older adults/Seniors	1.7 M	1.5	17
LGBTQ People	655.9 K	0.6	23
Incarcerated People and Ex-offenders	433 K	0.4	5
Substance Abusers	350 K	0.3	2
Religious Groups	334.3 K	0.3	11
Indigenous Peoples Outside U.S.	266.5 K	0.2	3
Military Personnel and Veterans	220 K	0.2	3
Men and Boys	150.6 K	0.1	4

Table 8. Grant dollars awarded to digital divide by population, 2018-2020[11]

Key takeaways and directions for future research

[11] Source: Candid, 2022. Population categories are based on the Philanthropy Classification System (PCS) codes applied to either the award or the recipient organization. Awards and/or recipient organizations may address multiple population groups and may, therefore, be counted in more than one category. Excludes grants for the general public or to an unspecified population group (35 percent of grants). Within racial and ethnic groups, "General" refers to grants that broadly identified groups (e.g., people of color).

This analysis shows that 35% of grants did not identify a specific population group served, but rather were made in support of the general public. Among those that did specify a population served, economically disadvantaged people and youth/children were most often listed. We do not find this altogether surprising. However, the results do suggest that other groups that are heavily impacted by the digital divide—e.g., Native peoples, seniors, incarcerated individuals, are not often listed as recipients. This may suggest that more research and/or education is needed to help philanthropy understand the impact of the digital divide.

Going forward

While the importance of digital connectivity has rocketed in the past decade, philanthropic giving to the cause has remained steady. Considering the importance of digital equity to achieving our sector's aims in a digital world, the risks of not doing so, and the market's failure to deliver, there is a clear opportunity for more funders to include digital equity investments in their portfolio and increase the pool of funding going to causes working to close the digital divide.

To meet the moment, an ambitious philanthropy sector could increase its giving from 0.05% of overall giving to 1% — a significant jump from a small start. A "1 for all" investment to ensure that all individuals and communities across the U.S. and around the world have the internet connectivity they need, would have a transformational impact on millions of lives.

Such an investment would help create jobs and grow businesses; make healthcare more effective and efficient; create new opportunities for learning and personal development; help government and businesses run services more efficiently. The catalytic impact of increased digital equity giving will help civil society organizations working across a range of issues better deliver on their mission. More people will be better served.

This does not mean that all foundations should become digital equity funders per se. Nor do they necessarily need to develop deep competency in digital issues. But funders must understand how the digital divide impacts their goals and work with organizations that have the knowledge, programs, and relationships to advance digital connectivity.

While the U.S government, EU and others prepare to make their biggest ever investment to expand broadband, without the involvement of philanthropy, these funds are unlikely to get to the communities that need them most. Philanthropy must leverage the resources it has and engage to support communities that markets have failed. Together we can ensure communities come online, on their terms, with the tools and skills they need to thrive in our digitalizing world.

Appendix

Research methodology

The objective of this report is to analyze philanthropic funding awarded by U.S. funders to address the digital divide. We use grants data available in Candid's database, a leading source of information about foundation funding. This database provides a comprehensive view of the U.S. nonprofit sector and includes both organization and grantmaking data.

Data Sources.
The main sources of data are tax and government filings. While this data is comprehensive, it involves a lengthy process to acquire (learn more here). At the time of writing, Candid is still processing 2019 and 2020 government filings, hence the data for those years are less complete compared to earlier years. Candid also gets self-report data from organizations, and recently started web scraping media announcements to get more current data. Candid uses various machine learning programming to structure and code its data.

Coding Schemas.
Data for this report has been coded based on Candid's philanthropic classification system (PCS). The PCS is Candid's taxonomy, based on the National Taxonomy of Exempt Entities (NTEE), and describes the transactions between grantmakers and recipient organizations. The taxonomy is divided into five facets: subject, population, organization type, support strategy and transaction type.

To identify transactions for digital divide, we searched for transactions and recipients that have the code SH030102, Digital Divide. The PCS defines this code as:

"Study and remediation of the inequality of access to digital technologies, especially Internet access, reflecting economic and social inequalities between segments of society or between nations, reflected in differing levels of access to and usage of computers, mp3 players, telephony, et al as well access to the knowledge and skills needed to use the tools and the information. Includes research or practical measures intended to address digital inequality, including services and education targeted to underserved communities and population segments such as people of color, the elderly, people in rural areas and the poor."

Data sets.

Research set: 2010-2019 funding trends.
To measure how philanthropic funding has fluctuated over the past decade, Candid uses its annual research set which contains grants of $10,000 or more awarded by a consistent set of 1,000 of the largest U.S. community, corporate, independent, and operating foundations. For this research, we looked at funding by these funders from a ten-year period, 2010 to 2019. The set allows us to conduct longitudinal study of funding change. For community foundations, discretionary grants are included and donor-advised grants when provided by the foundation. The research set excludes loans, grants to individuals, and program- and mission-related investments.

Candid's database: 2018-2020 grants.
For a closer look at funding for digital divide in recent years, we based the analysis on Candid's broader database. Data was retrieved on June 10, 2022. This data set includes grants from the annual research set, smaller awards (less than $10,000), and grants from a wider variety of funders. As mentioned above, grants from 2019-2020 are incomplete due to data availability.

Analytic procedure

In order to prepare and calculate the data for this report we first formed a search strategy with which to query our database. Based on the research questions, our search criteria included exploring both recent grants and our research set for grants and/or recipients coded with the PCS subject code SH030102 (digital divide) and narrowing the search by looking at grants only from U.S. funders from independent, public charity, community, corporate, or operating foundation types. Once we ran the search, we reviewed the data to check for errors, consulting with Connect Humanity to verify the desired data was being returned with our query, including any relevant organizations. We reran the search to source the latest available data before proceeding with the analysis. We then developed descriptive statistics and charts to describe what was being shown in the dataset and outlined the findings in this report.

Limitations

As with most research based on tax filing data, we are limited to what is reported by foundations. In many cases information is missing or incomplete—either because a foundation did not complete their tax return, or because they did not include details about their grantmaking. Because of this, we cannot guarantee that we have captured all grantmaking for a given year—this is especially true of recent grantmaking.

The research examines grants that are coded with the digital divide code, as well as recipients tagged with the digital divide code. This means that grants may come from funders or be awarded to recipients whose primary focus is not digital equity—but they may have awarded or received a grant respectively focused on issues related to digital equity. Thus, we are not able to analyze the impact of different organizations based on their engagement with digital equity work. There may also be missing funders or recipients who do work related to digital equity due to lack of available data; if a recipient or a funder has not provided sufficient descriptions about their organization or grant, we are unable to match them to our coding.

Additionally, this secondary nature of our data collection limits some of the analyses we can run. For example, when it comes to understanding funding listed as going to multiple populations, there is no way for us to parse what % of a given grant is directed at a specific population, nor whether or not populations listed are meant to be intersectional. For example, in the current analysis, the Craig Newmark Foundation awarded $500,000 to Girls Who Code Inc. This grant was coded as going towards "children and youth" and "women and girls". It is impossible for us to determine whether a specific proportion of this grant is aimed towards "children and youth" and a specific proportion toward "women and girls"; or whether this coding suggests that the full grant is simply focused on "girl children." Therefore, in the table in this brief, we include the full amount under each population (e.g., the entire $500,000 from the Craig Newmark foundation was counted twice, both for children and youth; and women and girls).

Moreover, this analysis specifically focuses on institutional philanthropy (i.e., foundations) in the United States. These numbers do not reflect donations by individuals, by for-profit corporations, or those made by foundations outside of the United States. It is likely that these additional entities also contribute to funding digital equity. However, because these types of grantmaking are not reported on 990s, this funding is difficult to track, and doing so is outside the scope of this brief. It

is also worth pointing out that the international figures cited in this brief likely represent a very small proportion of overall giving, as it does not capture domestic funding within each respective country.

Finally, as mentioned elsewhere in this brief, it is incredibly difficult to estimate the entire amount of grantmaking in recent years, as both the funding and the documentation of this funding is ongoing.