

“Non-Profit Journalism: Is Philanthropy the Answer?”

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Amid seemingly endless reports about falling advertising revenue, shrinking newspapers and layoffs in newsrooms, there is some good news for journalists. A new and promising model is emerging in the United States: journalistic non-profits that are financed by private donors.

Non-profits in the media are not a new phenomenon in America. The [Associated Press](#), which operates as a not-for-profit, was founded in the nineteenth century. Because of the current problems in the news industry, however, the number of new non-profits is growing, of which [ProPublica](#) is the highest-profile example.



Funded with \$30 million by Herb and Marion Sandler, former chief executives of the Golden West Financial Corporation in California, ProPublica is an investigative news operation with 25 journalists, probably the largest in its kind in the U.S.



Although American philanthropists historically have not shown much interest in journalism, non-profits see an increasing interest among donors wanting to support quality journalism. “More and more donors are concerned about what is going on with media,” says [Robert Rosenthal](#), executive director of the [Center for Investigative Reporting](#). “If journalists all go away, who will provide information? Where is the watchdog role? That is a real issue for democracy.”

Journalistic non-profits focus on labor-intensive, expensive forms of journalism, such as in-depth foreign journalism and especially investigative journalism, which have been dramatically cut in the US as well as in the

Netherlands. According to a study by Arizona State University in 2005, 37 percent of the 100 largest daily newspapers in the U.S. did not have any fulltime investigative journalists anymore. The majority had only two or less.

Unfortunately, the new model of private financing doesn't create many steady jobs either. Most non-profits work primarily with freelancers, although journalists who are employed by news organizations are also



allowed to submit proposals that their employers can't or don't want to pay for. The non-profit guides the project, like an editor. The innovative part is that the organization acts as a sort of manager for the journalist by arranging funding upfront and offering the final product to the mainstream media. Every once in a while, media organizations pay for the product, but most of the time they receive the stories and documentaries for free. "The

distribution has become less of a problem, so the money can now be used for content," says [Bill Buzenberg](#), executive director of the [Center for Public Integrity](#), a journalistic non-profit.

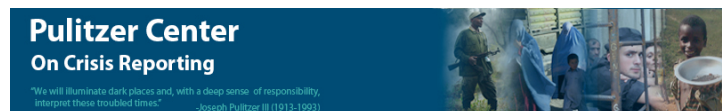
Among journalists, however, this method of working has also provoked criticism: if non-profits give their work away to commercial media companies, they make it even easier for these companies to cut budgets.



This criticism ignores the reality, says [Jon Sawyer](#), founding director of the [Pulitzer Center on Crisis Reporting](#): "[Media companies] don't invest in [expensive forms of journalism] anymore and you can't get them to do it." He points out that his business model benefits both the Center and the media companies: "They get something below-cost, but we get access to their

audience."

With money from Emily Rauh Pulitzer, Sawyer, an experienced foreign correspondent, has been sending journalists for the past two years to cover foreign issues that the American media neglects. Like numerous other non-profits the Pulitzer Center puts out the work it commissions in as many different media outlets as possible. A story can be published in a newspaper, be broadcast on TV or radio, and be seen on the Center's website. The Pulitzer Center has its [own channel on YouTube](#), produces with lesson plans for high schools, and



arranges university events at which the reporters get paid to talk about the topic they covered.

“We market the unique knowledge of the journalist to whet the appetite for more information,” Sawyer says. “That way the reporter doesn’t have to throw away 95 percent of the information.”

The Challenges of Funding Non-Profits

The transition from a commercial model to a non-profit model is not a smooth one for many journalists. Running a successful non-profit requires skills that are scarce: convincing donors to give large sums of money. Most journalists who lead non-profits feel uncomfortable with that side of the job. “It is a totally different skill set and I am far from mastering it,” Sawyer admits.



For [Charles Lewis](#), who founded the Center for Public Integrity, asking for money was a piece of cake. He raised \$30 million in fifteen years. “I was very direct,” Lewis says. “I always said, the abuse of power is out of control and goes unchecked. I want to investigate the bastards. Sometimes you get seven figure grants to make sure you watch the bastards.”

ProPublica’s \$10 million annual budget is the envy of other non-profits, which only have several million dollars a year to spend. But private capital, no matter how small, poses the same dilemma for every non-profit in this model: potential conflicts of interest (for more information, read part 2 in this series).



Questions about philanthropists trying to influence the editorial content keep some media from publishing the work of non-profits. In today’s highly competitive market, mainstream media is also hesitant to give others credit. As a result, many non-profits lack name recognition despite the thought-provoking stories and documentaries that they produce.

On the other hand, the non-profit model has such large financial benefits that it has the potential to become a second business model in journalism. There

are already a growing number of Internet-newspapers in the U.S. that operate on a non-profit basis.



At a seminar held in February of this year, the [John S. and James L. Knight Foundation](#) asked over 200 community foundations to fund journalism in their own communities. “Information is a critical community need in a democracy, but local information is less and less available,” explains [Alberto Iburgüen](#), president and CEO of the Knight



Foundation. “[The seminar] was an eye-opening event. It was the beginning of a consciousness that they can play a role in this.”

Over the next five years the Knight Foundation will give \$20 million to community foundations to match their ideas for improving community reporting. Knight has also established a committee to lobby for changes in tax laws, “so it will become even more appealing to fund journalistic non-profit news organizations,” Iburgüen says.

Rosenthal of the Center for Investigative Reporting believes the tide is turning. While journalistic content has been treated like a black sheep for the past few years, he believes it will become valuable again, “as long as it is unique and of high quality. I think individuals and foundations will step up. I don’t think it will be a large group, but it will be an influential group.”

Conflicts of Interest?

The non-profit model solves many of the current financial problems in journalism, but it introduces a new issue: potential conflicts of interest. What happens when a non-profit investigates a company, political party or person in which the donor has an interest? What happens when the non-profit investigates the philanthropist?

These questions are especially pressing in the case of ProPublica. The investigative news operation receives almost all of its money from its founders Herb and Marion Sandler. The Sandlers have donated millions of dollars to Democratic Party causes. In 2003, they founded the [Center for American Progress](#), a think tank run by [John Podesta](#), former White House Chief of Staff in the Clinton administration. Besides being ProPublica’s principal donor, [Herb Sandler](#) is chairman of its board.

“That is something everyone should be concerned about,” says Charles Lewis, founder of the Center for Public Integrity, a journalistic non-profit. Many American journalists undoubtedly will pay attention next year to see if ProPublica digs deep with a Democratic president in the White House. “The proof is in the pudding,” Lewis says. But, he adds, even if the quality of ProPublica’s work is undisputed; the organization might have a problem. “You can’t always control perceptions.”

[Paul Steiger](#), ProPublica’s editor-in-chief, emphasizes that there is a firewall in place between the Slanders and the newsroom. “They, and the rest of the



board, don’t know in advance what we cover. And they are not to contact the reporters.” Does Steiger feel any pressure to prove ProPublica isn’t biased towards the Democrats, considering the political activism of its funders? “What I feel is an expectation that we are not biased politically,” he says. “That should show up in

what we do. We don’t have a predisposition to go after any particular person or administration, but after abuse of power.” A young organization like ProPublica, that lacks the decades-old reputation of a newspaper like the *New York Times*, can’t stumble, the editor-in-chief says. “If we make a mistake, we’re in trouble.”

Other non-profits also maintain a strict separation between the donors and the newsroom. When the non-profit asks a donor to fund an investigation, it makes it clear that the donor only gets to see the result once it is published. To be as transparent as possible, the non-profits also publish the names of the sponsors on their websites.

Still, some donors try to use the non-profit for their own ends. If that is the case, the non-profits don’t accept the money, they say. During his time as the director of the Center for Public Integrity, Lewis claims to have turned down donations to avoid the appearance of manipulation by sponsors. When multi-billionaire George Soros became deeply involved in the Democratic presidential campaign in 2004, Lewis declined his \$750,000 contribution to the Center, he says. The amount was approximately one-sixth of the annual budget of the Center at the time. “That was painful,” Lewis says. His refusal “fractured” the Center’s relationship with the Soros Foundation – it hasn’t given the Center any money since.

There are more subtle conflicts of interest as well. Some charitable foundations that fund journalistic non-profits have board members who work for companies that are being investigated by the same non-profits. Or the foundations and philanthropists themselves have investments in companies and organizations that are being examined by the non-profits. Lewis admits, “My mission was not to write about the foundations. I am not stupid; I know it wouldn’t help if I would write about them.” But, he says, sometimes the names of the donors would show up in other investigations of the Center for Public Integrity, for example in an investigation into the donors of political campaigns. “Two of them didn’t like us and stopped giving us money,” Lewis remembers.

Other financial backers were good sports. In 1996, when the Center investigated which Democratic donors had slept in President Bill Clinton’s White House, singer Barbra Streisand turned out to be one of them. At the time Streisand was a sponsor of the Center as well. After the revelation, she continued to give money to the organization.

The non-profits point out that in the commercial business model, journalists don’t enjoy unlimited independence, either. Advertisers and publishers try to assert influence, and sometimes succeed at that. “I think the non-profit model works better,” Bill Buzenberg, executive director of the Center for Public Integrity says.

Many non-profits try to decrease the risk for conflicts of interest by asking for donations from many different private donors, including readers, viewers and listeners, and in some cases the government and corporations as well.



[National Public Radio](#) (NPR), the fastest-growing non-profit news organization in the United States, serves as an example for many non-profits. In 2007, over one-third (\$74 million) of NPR’s \$215 million revenue consisted of grants, contributions and sponsorships. Furthermore, NPR received \$65 million in station programming fees, paid by radio stations that are also largely supported by private money.

A Small-donor Role, too?

[Spot.us](#), a new project from [NewAssignment.net](#) that will be launched this fall, intends to fund its projects solely through small contributions from

readers, a process known as “crowdfunding.” Using pitches from citizens, journalists can submit an outline for a story.

spot.us Two peers will evaluate the proposal and if they give it the stamp of approval, Spot.us puts it up on the site, asking the Internet community to fund it. Part of the money will be used to pay an editor whose job it is to make sure the reporter has applied all requisite journalistic principles. The Knight Foundation has given Spot.us a \$340,000 grant to get started.

“ProPublica is a great initiative, but we can’t wait until a family donates \$30 million,” says Dave Cohn, founder of Spot.us. “We hope there are enough families who can give \$30 regularly.” Cohn hasn’t yet determined how large the maximum donation should be, but believes that it should be small enough to avoid too much influence by one donor. “We want to avoid personal crusades,” he says.

Herb and Marion Sandler, ProPublica

Wealthy donors like the Sandlers claim that they don’t try to interfere with editorial content. Last November, Herb Sandler emphasized in *The Chronicle of Philanthropy* that ProPublica would be “totally nonpartisan and without any exceptions whatsoever.” Asked if that included reporting on ProPublica’s donors, he answered, “I don’t give a damn. If you make exceptions, who are you, what are you all about? You can’t be trusted.”

According to Marge Tabankin, executive director of the Streisand Foundation, Barbra Streisand wasn’t upset when the Center for Public Integrity revealed her sleepover in the White House. “It was a fact and she is about generating the truth. She wasn’t asking for preferential treatment.” Tabankin doubts, however, if Streisand would have shown the same accepting reaction if she had been the subject of an investigation by the Center. “Why would someone give money for that?” Tabankin says. “That is sort of crazy. There are enough places to spend our money.”

“It starts with outrage,” Herb Sandler explained in March this year in the *New York Times*. “You go a little crazy when power takes advantage of those without power.” That feeling motivated Sandler and his wife Marion to start their own news operation. In 2006 they approached Paul Steiger,



managing editor of *The Wall Street Journal*, with the request to advise them. The Sandlers' plan was unusual for American philanthropists. Although there is no lack of philanthropy in the U.S., America's rich rarely donate large amounts to journalism, let alone found their own news organizations.

The Sandlers, who made \$2.4 billion when they sold their Golden West Financial Corporation in 2006, will give \$30 million in three years to the investigative newsroom ProPublica. If philanthropists want to make a real difference, they have to spend large amounts of money, the couple said. (The Sandlers didn't respond to an interview request for this article).

Because of the size of their donation, the Sandlers have received a lot of publicity, but they are not the only private donors who keep journalistic projects in the U.S. going. By law, charitable foundations annually must give at least five percent of their net assets to charitable causes. According to the Center Foundation, American foundations gave \$177 million to media and communication in 2006 – one percent of the total amount that they donated that year.

Why Support Non-Profit Journalism?

Philanthropists support journalism because “they want to be seen as players, as people who have done something important for the community. And they have,” says Charles Lewis. As founder of the Center for Public Integrity, a journalistic non-profit, he has dealt with donors for fifteen years.

The [Carnegie](#) and [Ford](#) Foundations, as well as the [Pew Charitable Trusts](#), have supported journalism for many years. The most generous donor probably is the John S. and James L. Knight Foundation, founded with the personal fortunes of the late brothers John and James Knight, owners of the Knight-Ridder newspaper chain. Since 1950, the foundation has given almost \$400 million to journalism. Last year alone, the foundation announced more than \$50 million in journalism grants, although some of these are multiyear grants.

The number of applications for grants has increased substantially in the last few years, says Alberto Ibarguen, president and CEO of the Knight Foundation. “The majority of those are from people who don't work for news organizations.”

Besides these giants there are a number of individual donors to journalism, such as singer/actress Barbra Streisand. She has been sponsoring media for twenty years. The list of recipients contains names such as the Center for Public Integrity, [The Nation](#) magazine, and radio and TV program [Democracy Now](#). Streisand donates about \$750,000 a year to media organizations, says Marge Tabankin, executive director of the Streisand Foundation.

Barbra Streisand is not just “a complete news junkie”, according to Tabankin. Like many donors to journalism, the singer feels it is important “that people are well informed and that the democratic values in America are protected.”

Behind the Pulitzer Center

Even famous media figures like Emily Rauh Pulitzer, widow of Joseph Pulitzer III, have switched to the private financing model. After the sale of newspaper chain Pulitzer Inc. in 2005, Rauh Pulitzer funded the [Pulitzer Center on Crisis Reporting](#), a non-profit for journalistic projects in foreign countries. Pulitzer calls the reduction in foreign news and the decreasing quality of it “terrible.” As technology makes the world smaller, “we have to understand what is going on in other parts of the world.”

In that context, it is surprising that the Pulitzers sold their own newspaper chain. As the largest stockholder, Emily Rauh Pulitzer made \$414.5 million on the sale. Could she have done more for journalism if she had kept the papers and had invested in them?


Pulitzer feels the family was not the right party to lead the chain to a successful future. “The three branches of the Pulitzer family that were on the board were all older and there was no one in the next generation who was involved in journalism,” she says. “We already had outside leadership. Also, we saw the challenges of the Internet and felt we couldn’t thrive in that environment. It was a very difficult decision.”


Funding Issue Areas

Donors are able to influence the reporting in another way: by linking their donation to a subject they feel passionate about. By doing that they ensure more media attention for it. “A lot of coverage has the potential of impacting

the debate,” says Alberto Ibarguen, president and CEO of the Knight Foundation, which is probably the largest donor to journalism in the U.S.

In the February/March 2008 issue of the [American Journalism Review](#), National Public Radio (NPR) mentioned a growing trend amongst foundations and individual donors to designate their contributions for specific topics. The Carnegie Foundation for example gave NPR \$200,000

 The Carnegie Foundation for the Advancement of Teaching last year for education coverage. Other examples: the Streisand Foundation gives money for reporting on environmental issues and climate change, the [Kaiser Family Foundation](#) is considering starting a non-profit health news service, financial-management company Merrill Lynch donates to the [International Center For Journalists](#) (ICFJ) to educate global business reporters in China, and the [Bill & Melinda Gates Foundation](#) is giving the ICFJ \$1.7 million over the next three years to train local journalists in Sub-Saharan Africa to cover health subjects, the same part of the world where the Gates Foundation is trying to eradicate malaria and polio.

ICFJ-president [Joyce Barnathan](#) approached the Gates Foundation because they have the same goal as her organization, she says. “The donors want to help improve the health of Africans and we want to help improve the conditions through reporting.” According  International Center for Journalists Advancing Quality Journalism Worldwide to Barnathan, the foundation is not involved in the training of the journalists, and has no say in the subjects they cover.

Is it nevertheless disconcerting that philanthropists determine what is in the news, even if they don’t influence the content of the news?

Robert Rosenthal, executive director of the Center for Investigative Reporting, doesn’t feel it is a worrisome development, as long as the funding is linked to “a broad subject.”

However, he notes that he prefers general financial support, partly because it makes it harder to question the credibility of the journalistic investigation, something that happened to the Center for Investigative Reporting in 2006. That year, a Republican politician complained about how the Center had funded an investigation into him and the manner in which he raised money. A portion of the funding for the project came from a Center-donor who had

clashed with the politician before about campaign finance reform. The donor had given the Center money specifically to cover that subject.

The most important reason why Rosenthal prefers general funding, though, is that it makes for more stable long-term financial planning. After all, interests of charitable foundations and philanthropists change all the time. “There is donor fatigue,” says Bill Buzenberg, executive director of the Center for Public Integrity. For journalistic non-profits that means the money flow from a certain donor can suddenly dry up.

List of journalistic non-profits:

NEW:

- ProPublica in New York, www.propublica.org. Starting this year the newsroom receives \$10 million a year for three years from Herb and Marion Sandler
- Pulitzer Center on Crisis Reporting in Washington DC, www.pulitzercenter.org, has spent almost \$1.5 million since 2006 on projects. Receives \$450,000 a year from Emily Rauh Pulitzer
- Internet-newspapers, such as Voice of San Diego, www.voiceofsandiego.org, MinnPost.com, www.minnpost.com, New Haven Independent, www.newhavenindependent.org and the online-papers of the Center for Independent Media, <http://newjournalist.org>
- Spot.us, a project of NewAssignment.net, www.spot.us
- Charles Lewis, founder of the Center for Public Integrity, starts the Investigative Reporting Workshop, www.investigativereportingworkshop.org at American University in Washington DC. With the help of experienced investigative reporters students will work on national and international projects. Lewis also plans to develop new models for investigative journalism, funded with private money

OLDER:

- Center for Investigative Reporting in Berkeley, www.centerforinvestigativereporting.org, founded in 1977. Has an annual budget of \$2.2 million. Plans to open regional offices in

- Boston and Sacramento, and to train journalists in California in investigative journalism
- Center for Public Integrity in Washington DC, www.publicintegrity.org. Founded by Charles Lewis in 1989. When he left in 2004, the Center had 40 employees, 200 social scientists and writers, and an international consortium of freelance-investigative journalists. Has an annual budget of \$3 to 4 million
 - National Public Radio, www.npr.org, founded in 1970, fastest-growing journalistic non-profit in the U.S.
 - Public Broadcasting Service, www.pbs.org, founded in 1969
 - The Associated Press, www.ap.org, founded in 1846, now the oldest and largest news organization in the U.S.
 - Newspapers and magazines, such as *The Christian Science Monitor*, *St. Petersburg Times*, *Mother Jones*, *Harper's* and *National Geographic*

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Hélène Schilders is a Dutch reporter who has worked in both the Netherlands and United States. In the Netherlands, she was a staff reporter for New Revu from 1993-1998, where she wrote investigative stories on AIDS and euthanasia, traveled to Bosnia to interview war survivors, as well as to South-Africa to investigate murder accusations against Winnie Mandela. Since 1998, she has worked in Seattle as the West Coast correspondent for Elsevier Magazine, the largest news magazine in the Netherlands. She also writes about the West Coast for Volkskrant Newspaper, De Morgen Newspaper and the De Nieuwe Reporter. In 2004, she published a book titled Dreaming of Buffalo Bill, a reporting montage that assessed the ways in which the myth about the American West collides with reality.