

# The Field of Nonprofit Funding of Journalism in the United States

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# Foreword

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## A democracy

**“NEWSPAPERS ARE VITAL TO THE SYSTEM.** They are more vital to the system than HRE Bank, Deutsche Bank or Dresdner Bank. They are infinitely more vital than Opel and Arcandor. (...) The system for which they are all vital is not called the market economy, nor the finance system nor capitalism, but democracy.” This classical model of the media as the “fourth pillar” (Rousseau) of the political system which Heribert Prantl (a German journalist and member of the editorial board of the German newspaper *Süddeutsche Zeitung*) outlined in the *Süddeutsche Zeitung*<sup>1</sup> is more appropriate than ever.

**A FIRST LOOK** at the USA shows particularly dramatically how quickly the erosion of what was possibly once the most stable democratic pillar of the world can come about. Even cities with millions of inhabitants such as Chicago are under threat of having to carry out their democratic discourse without a single local daily newspaper; on the internet, the numerous obituaries of American print media are collected on one website with the telling name “newspaperdeathwatch.com”.

**A SECOND LOOK** at the home of investigative(!) journalism shows something different, however: whilst the alarming reports of the threat to the culture of debate in the media in Germany were received in many quarters almost with ambivalence, the threat is obviously taken much more seriously in the USA – and not only because of its disproportionately large scale up to now.

**THE FIRST AND THE SECOND LOOK** were together the reason that the study we commissioned to carry out analyses the American situation first, before demonstrating the corresponding potential of foundations in the significantly younger democracy this side of the Atlantic. Foundations in the USA have reacted to the threat in good time. And inter-

estingly, they are reacting not only on a superficial level, by, for example, announcing prizes for journalists and perhaps providing short-term support to individual divisions with “start-up financing” (often the antithesis of sustainability). On the contrary, many leaders of American foundations are giving systematic thought to the question of how one can keep broad sectors of the population informed about socially relevant debates with the help of journalism (at the Kaiser Family Foundation: [www.kff.org](http://www.kff.org), for example). And they are thinking about how, after the structural change in the media, the things that the media makes indispensable for a democracy can be maintained (with the many-faceted attempts by the Knight Foundation to systematically support quality in journalism, for example). Because that is often easily overlooked, including by journalists, in the model of the fourth pillar of the state: the useful capacity of this pillar depends not only on its sheer scale, on the number of different media, but also on its substance. In short, from the quality and professionalism of the journalism.

**JOURNALISTIC PROFESSIONALISM** is an indispensable part of a functioning democracy. Without good journalists who research extensively, make discoveries, observe a wide range of processes over the long term, keep an eye on numerous themes and differentiate important information from interest-led PR, a civil society cannot prosper. To complicate matters further, the tasks of the fourth pillar (also called the “fourth power”) are if anything becoming more complex. As a result, WDR (Westdeutscher Rundfunk, one of the main German public broadcasting stations) Editor-in-Chief Jörg Schönenborn expressed doubts as far back as several years ago as to whether the word of the fourth power was still finding the right targets: “the model for the separation of powers comes from the times when the

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<sup>1</sup> <http://www.netzwerkrecherche.de/Reden/Heribert-Prantl-2009>

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# without arbitrators?

fabric of the state still had real limits in every area (...). But what we are seeing today is a considerable loss of the ability of governments and parliaments to control things given the break-down of borders. (...) The 'fourth power' therefore has far more to examine than just the behaviour of the other three. (...) **The truly important exposés of the future will play out in economy, in the development laboratories of research and industry and in the rambling landscape of EU authorities.**"

**THE COUNTER-QUESTION FROM THE SOCIAL MEDIA COMMUNITY**, the Facebook, blogger or Twitter etc. Community is meanwhile: does this role of the fourth pillar of democracy still have to be filled by journalists and media in the traditional sense? Or is it enough in the age of "social media", of "-pedias" and "-leaks" for information from any source to be uploaded directly to the internet by the people concerned? This community of "citizen journalists" could then take over discussion and analysis and democratic participation would also be done justice.

**BEYOND THE BASIC DEMOCRATIC FACTION** of "new" and "social" media, communications experts (incidentally with extraordinarily varied expertise) are also sensing new possibilities for businesses, foundations, associations and politics to communicate directly through the web, bypassing journalists to deliver their messages directly. For them, "Web 2.0" is the magic formula that will enable them to break the old media's uncomfortable stranglehold and achieve direct access to markets, end users and recipients.

**THE IDEA OF "DIRECT-TO-CONSUMER" COMMUNICATION** is however only practical, or indeed promising, at first glance. Whether it is for the genuinely noble goals of foundations and fundamentally

democratic citizen journalists or unforgiving business interests, the proven model of mass media remains in many respects superior to the newcomers. There are at least four reasons for this:

**THE RESOURCE PROBLEM:** in an ideal situation, the journalist is an arbitrator in a democracy. As with any arbitrator, he will regularly make a wrong decision. And he will not always side with a particular team – even if it is clearly the better team, the one with the better goals. But that also means that he will ensure in all cases that the opposition of the moment sticks to the rules. In a world comprised only of the communications and counter-communications strategies of different positions, there would be a huge waste of resources. What has been the task of journalists in the media up to now – that is the observation of *all* of the positions of the opposition, and if necessary its public image – would now fall solely to each player (with the motto "every man for himself"). But that would mean an enormous expense for every individual company, every individual institution – provided of course that they could find people with even vaguely sufficient qualifications for the job at all.

**THE COMMUNICATION PROBLEM:** currently, the qualified people in the media have often studied for many years, have an ever-increasing number of doctorates, and have completed countless internships, a traineeship and possibly a school of journalism. And nevertheless, as is made clear in the media every day, they often fail. So how are lay-journalists or self-declared communications experts, with the exception of one-off successes, supposed to succeed where a host of frequently vastly better-educated and more experienced journalists so often do not? Why, for example, do even the best science communicators among scientists reach for the most part only their peers, or in the best case the top 10 per-

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cent of the educated classes in society, but almost never the youth and especially rarely the less educated classes?

**THE FRAGMENTATION PROBLEM:** it looks no better, and this is a further reason that it is destined to fail, from a quantitative rather than a qualitative standpoint where recipient is concerned. Economic success (in the pharmaceutical or automotive industry, for example) is based, with a few niche exceptions, on mass production, on the success of blockbusters with a scope of millions. So why would such an economic system, least of all in the media and communications sector, now settle on a fragmented market, in which one niche of a few hundred to a few thousand users is ranged against another? An institution's own message, even the most important message of all on a particular day, which up to now has still often succeeded in being heard amongst the numerous dissemination channels of the media, may well be lost in the roar of the general increase in number of messages. "One in seven people reads *BILD*", ran an advertising campaign by the German newspaper *BILD* in 2000. The cinema advertisement illustrated the fact with a well-known German fairy tale (Snow White and the Seven Dwarfs) featuring the corresponding number of dwarfs. Regardless of the quality of this medium, which then enjoyed a readership of over 10 million, whoever wants to bypass mass media in the future will have to get used to the idea of "dwarf communication" in quite another sense.

**THE CREDIBILITY PROBLEM:** even before the magical attraction of "Web 2.0" there were and still are numerous attempts at direct communication between all sorts of institutions and the end user, in the form of posters, advertisements, brochures etc. And

yet up to now a negligible number have abandoned their activity in the press entirely and dedicated themselves to their own marketing. Because naturally, the credibility of a message in the editorial part of the media which has passed all of the hurdles of journalistic inspection is always greater than that of the smartest brochure or the most original advertising campaign. What is more, even when advertising in newspaper and magazines, marketing strategies often like to use formats that, with the exception of small variations in layout and the shy word "advertisement" in size 8 font in the top right, give the impression of an editorial page. And that is certainly not because this form was more attractive than the ideas that the highly-paid graphic designers came up with, but because it was more credible – or at least looked it.

**ALREADY AS A RESULT OF THESE FOUR FACTORS,** which outline only a part of the natural limitations of "direct" communication, institutions, which have an interest in a culture of rational public debate, cannot forego a functioning media system. This is especially the case for foundations, since they essentially have nothing else to sell than good arguments and noble objectives. However for the aforementioned reasons they will not be in a position to guarantee the reach, acceptance and professionalism of things addressed to a wide range of sections of the population. Effective communication with the public without mass media is an illusion. (What would even WikiLeaks be without its huge dissemination and analysis by the classical media?) Certainly journalists do not always do in their role of arbiters (see above) what a foundation – however noble its goals – might wish them to. But that is precisely their strength.

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## CONCLUSION:

we must give urgent thought to the question of how we can establish and strengthen journalism as a crucial element of a functioning democratic entity. And we must, using foundations in the USA as inspiration, think about it in Germany now, since it takes some time for one to find effective answers to these fundamental questions. We must therefore explore several experimental options now, which the established media cannot or will not explore them-

selves. We must not wait until the erosion of a vital pillar of democracy has caused long-term damage to the foundation of an operational press, since it is far more difficult to recreate something that has already been destroyed from scratch than it is to take something and give it new substance. In a country in which one can even adopt potholes in run-down streets, it should also be possible to find donors to help the fourth pillar of democracy to once again achieve the useful capacity that befits its importance to the system, as mentioned at the beginning. The present study is a first stepping stone to that end.

Dortmund, Spring 2011

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# Foreword

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**B**oth the German and international media have seen fundamental changes in recent years. As a result, the question of whether journalism and the press are still capable of performing the role assigned to them in ensuring that democratic societies continue to function is arising ever more frequently.

Criticism and monitoring of the Powers That Be in the spheres of finance, politics and society, and indeed of the state itself, seem to be at stake. Through investigative reporting, the media can uncover corruption and abuse and use its comment on current issues to give an audience to opposition and interest groups. The media therefore performs a monitoring function in a democratic society that should not be underestimated, and which often results in its being referred to as the “fourth power” in the state.

As a result of diminishing revenues from sales and advertising, which were originally the press’s main sources of income, many media groups feel compelled to reduce their overheads. It is often thorough research that falls victim to these cost-cutting exercises, as it costs publishers time and money.

This dilemma is shown as a three-fold crisis for journalism: a financial crisis, a structural crisis and a resulting creativity crisis. In reaction to this, publishing executives, media bosses and journalists are scouring the globe for new ways and sources of income to make thorough research and critical, investigative journalism possible in the future as well.

In the USA, where the finance and media crisis was in much greater evidence than in Europe, successful new models for investigative and high-quality journalism have developed in the last few years. For the

most part they are supported by private foundations and NPOs, and indeed in some cases were founded by them. Particularly since the successful launch of “ProPublica”, a foundation that exclusively enables investigative reporting, the question of whether and under what circumstances charitable foundations here in Germany could support quality critical journalism to a greater extent has been heard more and more.

When observing foundations’ activities in this area up to now, one thing stands out in particular: up to now there has been no identifiable, clear system in Germany. Support for qualitative journalism stems mainly from activities that foundations are pursuing anyway, in relation to other themes; it is often a question of widely-spread, and therefore less targeted grants.

The promotion of qualitative journalism in Germany is furthermore extremely scattered. It concentrates mainly on prizes, grants and trips for journalists, has a very low volume and scope and is divided among individual players. With these activities, German foundations have up to the present failed to achieve any sort of systematic effect. This is not least the result of the low level of investment from German foundations. If one compares the sums involved with those that American foundations like Knight or Kaiser invest in journalism, the German foundations’ investments seem negligible – is the media a “blind spot” in the foundation landscape?

Action is needed from foundations in Germany as well: structural change in the media affects the work of foundations in a multitude of ways. Foundations are dependent on having an informed public in which they can create momentum for their causes, enter into dialogue with their target groups and generate



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feedback. A functioning media with valuable, qualitative journalism is therefore not only a requirement for a healthy civil society, but also a crucial structural element of foundation work.

The social benefit of foundations is not infrequently justified by their ability to innovate and the accompanying opportunities to advance social reform and the creation of a democratic and pluralistic society. Foundations can operate independently of politics and private market forces. They are therefore an effective tool for many donors for bringing social issues that are close to their hearts into the public eye. With this in mind, the involvement of foundations in the field of qualitative journalism seems a logical consequence.

Above all, for business-minded and personally engaged donors who want to see tangible progress towards fulfilling the demands of society in a democracy, this could offer an exciting worthwhile field of activity.

The strengthening and expansion of just such a culture of giving in Europe, shaped by active engagement, is the goal of Active Philanthropy. To this end we work primarily with families and individuals, many of whom have a background in business. It is our be-

lief that especially businesspeople have the potential to achieve the greatest possible impact on society with their engagement by employing not only their financial resources, but also their time, know-how and contacts.

This study, which was also made possible by two private and one institutional supporters, portrays a starting point for the discussion of the development and trial of a new model for quality journalism in Germany backed by donors. With our analysis and depiction of the field in the USA, we hope to provide the impulse for a more extensive dialogue between important figures in journalism and foundations in Germany.

We would like to thank the supporters of the study for their trust in their cooperation with Active Philanthropy! Our particular thanks go to the leader and author of the American study, Professor Lewis Friedland of the School of Journalism and Mass Communication at the University of Wisconsin-Madison. His profound insight into the field of foundation-supported journalism in the USA and his expertise on the subject were invaluable to this research. We would be delighted if many donors would not only read this research with interest, but saw it as encouragement for an approach to their own engaged, active giving.

**Berlin, Spring 2011**  
**Active Philanthropy**



# Introduction

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**N**on-profit institutions have been engaged in journalism and communication in the United States since the founding of American society. The dominant image of the U.S. communication system is one driven by the market, and, while true, both the state and the voluntary sector have played significant roles in founding and sustaining U.S. communication, in shaping its overall trajectory, and in providing new opportunities in times of crisis and change. That we are living in such a period is evident. At all levels the U.S. communication system is in upheaval, buffeted by social, technological, and economic developments directly related to the rise of the Internet, and by deeper social and political changes in American society.

This is not simply a problem for journalism. In the democracies of the west, journalism plays a central role in both the establishment and functioning of an open public sphere, in which citizens from every part of society can both monitor the actions of government and key institutions, and voice their opinions as individuals and groups. Without this public sphere, vibrant democratic life would shrink to a formal shell. But the market, by itself, is no longer able to supply the quality journalism required in a democracy. Indeed, we are now seeing a classic case of the failure of the market to provide necessary public goods. The two broad alternatives are increasing state support of journalistic quality and diversity and/or new forms of support for journalism arising from civil society, and, given the high cost of creating and sustaining innovation, this means the philanthropic sector. In the U.S. state support of journalism is unlikely for

historical, legal, and constitutional reasons, as well as the political impossibility of forming consensus. This puts a significant burden on the world of foundations, as civil society actors, and their attempts to fulfill this role form the core of this report.

Our focus in this report is to examine the field of foundation funding for journalistic enterprise in the U.S. to see how it is responding to this crisis. We will present the major sources of foundation funding, the types of projects funded, and, to the extent possible, the motives and reasons for this funding. Further, we will offer an analysis of the multiple directions in which this funding is moving journalism, and its possible effects.

To produce this report, we exhaustively examined the entire field of nonprofit funding of journalism in the United States in the past thirty years. We assembled a list of every major foundation (and many minor) funding journalism, and examined all major reports on the field in the past seven years. We assembled and analyzed a database of almost 700 funded projects in the field of journalism and communication, excluding public television and radio. The results are separately available in an online data appendix at [www.activephilanthropy.org](http://www.activephilanthropy.org). We examined the history of nonprofit funding of communication, dating from the 1930s. Finally, we conducted a dozen interviews with key leaders in the area of foundation funding of communication. Because about half requested anonymity, we have not used their names or quotations directly, but rather, have integrated their observations into our general report.

# Brief History of Foundation Funded Communication

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**N**on-profit, or voluntary support for communication in the U.S. began as early as 1731, when Benjamin Franklin formed an association to create the Library Company in Philadelphia. By the 19th Century, Tocqueville famously observed “Americans of all ages, all conditions, and all minds are constantly joining together in groups.” This leads inexorably to the growth of newspapers: “[N]ewspapers make associations, and associations make newspapers... the number of newspapers increases as associations multiply.”<sup>2</sup> So there is more than an incidental tendency in the United States to support communication through foundations (organized as philanthropic associations). Major foundation support for communication research goes back at least to the 1930s, with publication of the influential volume *Communication Agencies and Social Life* (1933), a systematic review of telecommunications and media commissioned by the Hoover Administration (as part of the massive study *Recent Social Trends*) funded and supervised by the Rockefeller Foundation. That same year the Payne Fund supported 13 volumes on the effect of the motion picture industry on children, including *Movies and Conduct* by sociologist Herbert Blumer.<sup>3</sup>

After the outbreak of World War II, the Rockefeller Foundation played a leading role in shaping the field of communication research. The growth of direct, large-scale, foundation support for American communication really dates back to 1952, when the Ford Foundation was instrumental in founding the U.S. educational television system, which became the National Educational Television (NET) in 1963. Ford

continued funding both the emerging national network (technically still a group of local stations) and major documentaries, exploring issues such as poverty and racism that were, in large part, avoided by commercial media. Under the aegis of the Carnegie Commission (funded by the Carnegie Corporation of New York), NET evolved into the Public Broadcasting System in 1967. Although Ford funding has varied over the years, from 1951 to 2005 the foundation invested an estimated \$435 million in public broadcasting. Foundation investment in public television, led by Ford, but with significant roles played by the Carnegie Corporation, John D. and Catherine T. MacArthur Foundation, and others, represents the largest segment of the U.S. foundation investment in communication. Without it, the United States would not have a public broadcasting system. It could reasonably be said that National Public Radio, American Public Radio, and the Public Broadcasting System, with its flagship journalism programs, are really closer to the foundation-funded sector of communication than to state funding.

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<sup>2</sup> Democracy in America, Library of America, pp., 595, 601

<sup>3</sup> Willey, Malcolm M., and Rice, Stuart A. *Communication Agencies and Social Life*. New York: McGraw-Hill Book Company, 1933  
Blumer, H. (1933). *Movies and Conduct*. New York: The Macmillan Company

# Major U.S. Foundation Investment

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Since the 1960s, major U.S. foundations taken together have continued to invest heavily in the U.S. non-profit communication sector. No authoritative figure exists, however, our own data suggests that this investment has most likely been more than a billion dollars in the past decade (with \$400 million from the Knight Foundation alone).

Before going through the major foundations themselves, it is important to understand something about the structure of the U.S. non-profit sector. Although there is no single agreed-on classification system, there are three types of foundations under U.S. law:

- Independent foundations are established by individuals or wealthy families;
- Company-sponsored foundations funded by business corporations;
- Operating foundations established to conduct research or other charitable programs.

There are now more than 75,000 foundations, corporate donors, and grantmaking public charities in the U.S. with assets of \$682 billion and total giving of just above \$44 billion in 2007. Of these, the family foundations controlled just over \$300 billion in assets and made \$25 billion in disbursements.<sup>4</sup>

So, disbursements on communication are a tiny percentage of annual disbursements. If we assume that total disbursements for communication (minus public broadcasting) are around \$100 million per year, this is only two thousandths of a percent compared to total giving of \$44 billion. Journalism and communication have played only a minor role in most foundations' programs, with the major exception of the Knight Foundation.

Now, we turn to the core givers in communication among major U.S. foundations, briefly looking at their programs. In general, we move from the larger foundations that have supported some form of journalism to those that are smaller, but more focused on journalism, the family foundations, and operating foundations. We begin with the John S. and James L. Knight Foundation, which we consider separately because in the amount, range, and types of giving, it is largely defining the field of non-profit journalism.

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<sup>4</sup> *Foundation Fundamentals*, 8<sup>th</sup> ed., The Foundation Center

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# Main Foundation Players

## *The John S. and James L. Knight Foundation*

**T**he John S. and James L. Knight foundation occupies a central position in the field of funding of journalism in the U.S. Since 1950, Knight has disbursed more than \$400 million to advance quality journalism and freedom of expression. In 2005, Knight committed an additional \$100 million to media innovation initiatives, making it far and away the largest funder of non-profit journalism initiatives of all kinds in the U.S. (excluding only government infrastructural support for public broadcasting). As of 2009, the Knight Foundation held \$2,189,663,052 in assets. In that year it made 276 new grants, totaling almost \$142 million.

Hodding Carter III, a nationally known journalist and former Assistant Secretary of State under President Jimmy Carter, headed the foundation from 1998 to 2005, when he was succeeded by Alberto Ibargüen, a 20 year newspaper executive who was publisher and president of the Miami Herald and who heads the foundation today. Under Ibargüen's leadership, the Knight board began looking for opportunities to fund „transformational change“ in journalism and communities, and created a Transformation Fund to

that end. By June 2006, the foundation had passed the \$1 billion mark in grants made since its founding in 1950.

Ibargüen recognizes that the Knight Foundation holds a public trust: “Freedom has consequences, and we are living one of those periods of consequences, transitioning away from a time when our civic structures and information systems basically conformed to the same geography.”<sup>5</sup> Ibargüen believes that „technology can strengthen community information, and through that information, communities themselves.“ He stresses that the question „is not ‚How do we save newspapers?‘ The question is, ‚How do we save effective communication that communities need to manage their affairs in this democracy?‘ In other words, how do we save journalism in the digital age?“

Towards that end, Knight has established four regular program initiatives supporting journalism, as well as the Knight Media Innovation Initiative, which is an umbrella for a series of programs funding experimentation and support in digital media innovation.

### ***Knight Program Initiatives in Journalism***

Since 1986, Knight has supported journalism education through a series of programs, including mid-career journalism fellowship programs; *Knight Chairs in Journalism* at leading journalism schools; and a „News University“ at the non-profit Poynter Institute for Media. Knight also established the Challenge

Fund for Journalism which trains journalism leaders and strengthens their nonprofit professional groups, in partnership with the Ford Foundation, the Ethics & Excellence in Journalism Foundation and the McCormick Tribune Foundation.<sup>6</sup>

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<sup>5</sup> Ibargüen, Alberto , Speech Delivered to the Boston Foundation, June 10, 2008  
[http://www.knightfoundation.org/news/press\\_room/knight\\_press\\_releases/detail.dot?id=330912](http://www.knightfoundation.org/news/press_room/knight_press_releases/detail.dot?id=330912)

<sup>6</sup> [http://www.knightfoundation.org/programs/journalism/what\\_we\\_fund/priority\\_detail.dot?id=132828](http://www.knightfoundation.org/programs/journalism/what_we_fund/priority_detail.dot?id=132828)

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The foundation has also supported a major initiative in *media diversity* to expand the employment pipeline.<sup>7</sup> It has an extensive portfolio of programs to *advance press freedom and freedom of information* and to support for *freedom of expression and the First Amendment*.<sup>8</sup> The *Digital Media and News and the Public Interest* portfolio seeks to advance journalistic values through digital media. Its major program is the *Institute for Interactive Journalism* at Ameri-

can University in Washington, D.C., also known as *J-Lab*. *J-Lab* administers the Knight-Batten Awards and the Knight Citizen News Network (KCNN) which is a „one-stop training center for citizen journalists and a showcase for all of Knight’s online training endeavors.“ *J-Lab* also created and operates the New Voices Project, which seeds experiments in community journalism (more below).<sup>9</sup>

## ***Knight Media Innovation Strategy***

Beyond these four major programs, the Knight Media Innovation Strategy contains six separate major initiatives. Iburguen characterizes the overall strategy as follows:

1. Experiment broadly.
2. Analyze impact and make some bets on trends.
3. Engage the best journalism training minds in the process.
4. Engage other funders.
5. Seek the wisdom of the crowd.

### ***The initiatives are***

a) the *Knight News Challenge*, a five-year, \$25-million program to fund „ideas that use digital platforms to deliver news and information to geographically defined communities.“ One of the projects funded through the initiative is “spot.us”, an experiment in crowdfunding that invites investigative reporters to

pitch their stories on the web. Readers can then support their stories by donating toward the cost of doing the story.

b) The *Knight Community Information Challenge* which offers matching grants to community foundations across the United States to „keep communities informed and engaged.“ This five year, \$24 million dollar initiative began planning in 2008 and granting in 2009, and funded twenty-four projects in 2010 with \$4.3 million. This is a particularly important initiative, as local community foundations (see below) hold billions of dollars in assets in the United States, and relatively little of this money goes to local journalism or community information needs.<sup>10</sup>

c) The *Knight Commission on the Information Needs of Communities in a Democracy* at the Aspen Institute, formed in 2008 to articulate the information needs of communities in democracy and propose public policy that will encourage market solutions (<http://www.knightcomm.org/recommendations/>).

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<sup>7</sup> [http://www.knightfoundation.org/programs/journalism/what\\_we\\_fund/priority\\_detail.dot?id=132822](http://www.knightfoundation.org/programs/journalism/what_we_fund/priority_detail.dot?id=132822)

<sup>8</sup> [http://www.knightfoundation.org/programs/journalism/what\\_we\\_fund/priority\\_detail.dot?id=132826](http://www.knightfoundation.org/programs/journalism/what_we_fund/priority_detail.dot?id=132826)

<sup>9</sup> [http://www.knightfoundation.org/programs/journalism/what\\_we\\_fund/priority\\_detail.dot?id=132830](http://www.knightfoundation.org/programs/journalism/what_we_fund/priority_detail.dot?id=132830)

<sup>10</sup> <http://www.informationneeds.org/community-information-challenge/winners>

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## ***Knight's Overall Role***

The Knight Foundation's position in the field of journalism funding must be considered preeminent by any criterion. It gives more money than any other single foundation or group of foundations. The Knight Foundation can be said to be defining the field for now and the foreseeable future.

This position has many strengths for the field, but also poses some problems. The size of the dollar investment itself puts the field on the map of other funders and legitimates it. Knight is moving innovation forward, through both its investments and developed (relatively) transparent methods of funding (e.g. opening up the News Challenge to anyone, allowing anyone to comment on the web) Further, Knight has not pretended to know what the field should be and where it is going. It has worked collaboratively with other foundations and played a leading role in bringing in community foundations, a major source of funding, and one rooted in local communities. Finally, Knight's primary mission is journalism, which makes it less likely that it will tire of the field and move on to something else in a decade or less, as often happens with foundation funding cycles.

However, Knight's dominant position poses some potential problems as well. Other foundations may let Knight „take care of“ the field of journalism funding, actually discouraging major investment by other foundations. Knight's emphasis on new technology may overstate the role of technological innovation, at the expense of examining more deeply rooted social structural problems; there is a tendency in Knight to see technology as the answer.

Knight has some internal issues, in particular with one leading officer who is widely perceived inside and outside of the field to be both autocratic and erratic; given its power to define the field, this has been particularly problematic, although some recent steps have been taken in a positive direction to bring in new perspectives. At times, Knight funding has appeared to reward favorite projects and institutions, while shutting out others. Knight's dominance could give it a near monopoly position, crowding out other innovation.

Taken as a whole, then, Knight has had and continues to have an extremely positive effect on the reinvention of the news ecology in the United States. Caution is in order, however, when one institution has so powerful a position.

As we have noted, even though there are other major foundations investing in the field of journalism both their money and influence drops off significantly in relation to Knight. Here we discuss them in rough order of influence.

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## The Ford Foundation

The Ford Foundation is an independent nonprofit foundation, ranking second on the list of U.S. foundations by total assets in 2007. In its freedom of expression division, the foundation supports diverse arts spaces, advances public service media, media rights and access, and advocates for religion in the public sphere. In the first half of 2010, the foundation had allocated \$12 million through 51 grants through its Advancing Public Service Media division, which promotes diverse and independent perspectives in

the media, strengthens technology and distribution systems in the media, and boosts public discussion and research about engagement.

Ford also supported the U.S. Social Science Research Council for a program on media policy, „Necessary Knowledge for a Democratic Public Sphere,“ with \$750,000 for 2005-07 and an additional \$1.5 million for 2007-09.

## John D. and Catherine T. MacArthur Foundation

The MacArthur Foundation is a global philanthropic organization, giving grants in about 60 countries, ranking 8th in total assets in 2007. It was founded in 1978. Within the media field, MacArthur funds public broadcasting documentaries, for instance giving \$150,000 in 2008 to America Abroad Media to create radio documentaries about the relationship between the United States and the International Criminal Court.

In 2006, the foundation launched a new, \$60-million field called *Digital Media and Learning Initiative*

to examine how technology affects the way youth think, learn and engage. MacArthur has been giving media grants for more than 25 years. At the end of 2008, the foundation had 21 active media grants, worth \$26 million.

The foundation's grants and program-related investments totaled \$252.3 million in 2008. MacArthur suffered significantly in the financial crisis of 2008, ending the year with \$5.3 billion in assets.<sup>11</sup>

## Bill and Melinda Gates Foundation

The Bill and Melinda Gates Foundation is currently the largest foundation in the United States by far, with total assets of \$37 billion. Although it has no programmatic funding in the field of journalism and media, it has made significant grants in this area.

The foundation also funded the University of California-Berkeley School of Journalism with a two year grant of almost \$800,000 to report on agriculture in Africa ([http://journalism.berkeley.edu/press/africa\\_reporting/](http://journalism.berkeley.edu/press/africa_reporting/)) as well as funding Washington state jour-

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<sup>11</sup> America in Transition: 2008 Report on Activities, the John D. And Catherine T. MacArthur Foundation (<http://www.macfound.org/atf/cf/%7Bb0386ce3-8b29-4162-8098-e466fb856794%7D/AR2008.PDF>)



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nalists to work on issues of homelessness. Gates' deputy director Ian Rowe sits on the Journalism Advisory Committee of the Knight Foundation, linking Gates to an important hub of the ongoing discussion of news funding.

Gates himself is clearly paying attention to the future of journalism. In an interview for *SFGate* in April 2010, he noted that the Internet cannot by itself sub-

stitute for in-depth or investigative journalism, and he specifically recognized the work of *ProPublica*.<sup>12</sup>

Whether this is a harbinger of future investment by the Gates Foundation in the kind of journalism discussed in this paper is, of course, unclear, but it does suggest that Gates is aware of the problem. Should the Foundation begin investing in issue coverage across its portfolio of programs, encompassing global health, poverty and development and education, it could have a major impact on reporting very quickly.

## Rockefeller Foundation

The Rockefeller Foundation is ranked 13<sup>th</sup> by assets. The foundation works to promote what it calls "Smart Globalization" – a world in which the benefits of globalization are more equally shared. Its focus areas are basic survival, global health, the environment, urbanization, and social and economic security.

The Rockefeller Foundation has traditionally supported public television, for example through a \$2 million to WNET TV in New York for a multi-media initiative on the nation's infrastructure, to be called Blueprint America. But Rockefeller has remained relatively uninvested in new media initiatives. The foundation ended 2008 with \$3 billion in assets.<sup>13</sup>

## Rockefeller Brothers Fund

The Rockefeller Brothers Fund (separate from Rockefeller Foundation) has programs in Democratic Practice, Sustainable Development, and Peace and Security. In the United States, its work is focused in New York City.<sup>14</sup> Rockefeller Brothers has a history of funding in media. Also, the fund has taken leadership in areas in greater proportion to the dollars it expended. Most recently, it has become concerned with the "state of journalism as it applies to democracy, giving citizens accurate information about

what's going on in government and political campaigns" according to Ben Shute, who heads the Fund's "Democratic Practice in the U.S." program.

The Fund took leadership in bringing together the Investigative News Network (see below for more detail), by convening a conference of 30 non-profit investigative and watchdog journalism groups. For now this is an area where the Fund will be focusing its journalism funding.

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<sup>12</sup> [http://www.sfgate.com/cgi-bin/blogs/bronstein/detail?entry\\_id=61674#ixzz0uKkdGrjy](http://www.sfgate.com/cgi-bin/blogs/bronstein/detail?entry_id=61674#ixzz0uKkdGrjy)

<sup>13</sup> Rockefeller 2008 annual report:

<http://www.rockefellerfoundation.org/uploads/files/a6d30cf9-97aa-4fd5-ad9f-8fdd9dbb07b3-caw-grantees.pdf>

<sup>14</sup> [http://www.rbf.org/about/about\\_show.htm?doc\\_id=472487](http://www.rbf.org/about/about_show.htm?doc_id=472487)

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## Pew Charitable Trusts

Pew Charitable Trusts, among the largest private foundations in the United States, became a public charity<sup>15</sup> in 2004, a technical change meaning that it now receives money rather than disbursing it generally as a foundation, giving it more flexibility to solicit money from the public and to engage in advocacy. Because of this, Pew is no longer technically a foundation, but if it was, it would rank about 75<sup>th</sup> by assets.

Pew has been integrally involved in journalism since the 1990s, when, along with Knight, it was largely responsible for funding the civic journalism movement through the Pew Center for Civic Journalism (the second director of that Center, Jan Schaffer, now directs the Knight-funded J-Lab: Institute for Interactive Journalism). The Pew Center for Civic Journalism was very successful, involving almost one-fifth of all American newspapers in that movement.<sup>16</sup> But when funding ended in 2003, so did much of the activity.

Perhaps its most widely recognized project is the Pew Research Center for the People and the Press. It is not involved directly in the funding of journalism, but rather funds projects that monitor, study and make recommendations about the state of journalism. Others include the Project for Excellence in Journalism, which tracks trends in media practice and in content reporting weekly on stories that are receiving media coverage, and puts out the annual State of the News

Media report; The Pew Research Center for People and the Press, which studies Americans' use of and interest in media; Subsidyscope, which provides information about government subsidies in the United States; and The Internet and American Life project, a nonpartisan "fact tank" that studies the impact of the internet on the lives of Americans, including in areas such as political and civic engagement.<sup>17</sup>

In 1999, Pew Trusts launched "Stateline", a nonprofit, nonpartisan news website that focuses on journalism in the public interest and reports news from all 50 states. The organization's aim was to counteract shrinking coverage of state governments. Unlike some branches of Pew, Stateline does not engage in advocacy. Stateline is now a project of The Pew Center on the States.

In 2009, Pew had assets of \$4.596 billion and allocated \$83.184 million in grants<sup>18</sup>. In 2005-10, Pew Trusts gave \$7.5 million to Stateline.

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<sup>15</sup> Public charities generally derive their funding or support primarily from the general public, receiving grants from individuals, government, and private foundations. Although some public charities engage in grantmaking activities, most conduct direct service or other tax-exempt activities. A private foundation, on the other hand, is a nongovernmental non-profit organization, that usually derives its principal fund from a single source, such as an individual, family, or corporation, and more often than not is a grantmaker. A private foundation does not solicit funds from the public. (Foundation Center; [www.foundationcenter.org](http://www.foundationcenter.org))

<sup>16</sup> Friedland, L., & Nichols, S. (2002). Measuring civic journalism's progress: A report across a decade of activity. A study conducted for The Pew Center for Civic Journalism

<sup>17</sup> [http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Static\\_Pages/About\\_Us/Pew%20Prospectus2010.pdf](http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Static_Pages/About_Us/Pew%20Prospectus2010.pdf);  
[http://www.pewtrusts.org/our\\_work\\_category.aspx?id=230](http://www.pewtrusts.org/our_work_category.aspx?id=230); <http://www.pewinternet.org/About-Us.aspx>

<sup>18</sup> [http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Static\\_Pages/About\\_Us/Pew%20Prospectus2010.pdf](http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Static_Pages/About_Us/Pew%20Prospectus2010.pdf) , p. 44

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## Carnegie Corporation of New York

The Carnegie Corporation of New York is the 19<sup>th</sup> largest foundation with assets in 2007 of about \$2.4 billion.<sup>19</sup> Carnegie Corporation of New York has made journalism education a key priority. In 2003, the Corporation began a dialogue with deans of sev-

eral American journalism schools to determine how major research universities could improve the journalism curriculum. Together, the Corporation and the schools collaborated on a vision for journalism education in the 21<sup>st</sup> century.

## Open Society Institute

The Open Society Institute (OSI) was founded by George Soros in 1993 to support his foundations in Central and Eastern Europe, and in the former Soviet Union. Today, the institute works toward building vibrant and accountable democracies in more than 60 countries, including the United States.

Several of the institute's projects deal with journalism and information-sharing issues. These fall under the International Civil Society and Media Program, including the Documentary Photography Project, which supports photographers working in social justice, and the Information Project, which works to increase public access to information. The Institute's major journalism-related project, however, is the Media program (<http://www.soros.org/initiatives/media/focus>). Its Assistance to Media funds outlets promoting democratic values, and helps them attain sustainability. The Journalism and Media Management Training program provides professional training through workshops and also in journalism schools

and by distance. The Media Self-Regulation and Accountability branch promotes ethics among journalists; the Media-Related Research arm funds work related to policymaking, advocacy and training, outside of academia.

OSI has historically not focused on media funding in the U.S., because this country has a non-state run, pluralistic, and independent media. With the current crisis of the media and news business in the US in the past few years, OSI has begun to expand its funding for American journalism, having spent the last 18 months studying changes in the news industry. Lori McGlinchey, Senior Program Officer of the Transparency and Integrity Fund, says OSI is particularly concerned with three areas: the decrease in international reporting for U.S. audiences; the impact of changes in journalism at the state and local level, as well as beat reporting<sup>20</sup>; and the role of public policy in potentially offering solutions that affect media.

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<sup>19</sup> <http://carnegie.org/fileadmin/Media/Publications/AR09.pdf>

<sup>20</sup> „Beat reporting“ is the practice of reporting on regular areas of government and everyday life with one or more reporters who regularly (daily or several times weekly) check that area or „beat“ – for example, local and state governments, police and crime, social services, the courts, or specific neighborhoods or geographic areas.

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OSI has supported groups like Public Knowledge, Free Press, the Media Access Project, Center for Media Justice, as well as Consumers' Union, the New America Foundation, the Wireless Future program, and the Open Technology Initiative. OSI is also a founding member of the Media Democracy Fund.

In 2008, OSI's Media program spent \$10.7 million around the world, of \$540 million spent that year by OSI and the affiliated Soros Foundations. OSI itself holds \$452.8 million in assets.<sup>21</sup>

## *The William and Flora Hewlett Foundation*

The William and Flora Hewlett Foundation is the fifth largest U.S. foundation by assets, with \$9.3 billion in 2007. Although Hewlett has not been particularly active in the conversation over changes in U.S. journalism and non-profit funding, it has made major grants totaling \$5.3 million, including \$1.2 million to

the Center for Public Integrity; \$2.9 million to New American Media/Pacific News Service; and \$1.2 million to California Watch, a project of the Center for Investigative Reporting (joint with Knight and the James Irvine Foundation).

## *McCormick Foundation*

The McCormick Foundation works to advance ideals of a free and democratic society.

As of 2010, the foundation's journalism program focuses on the areas of content, audience and rights. This means a shift away from its previous emphasis on student programs and news management leadership initiatives, and toward investing in quality news, protection of journalistic rights, and teaching media

literacy. The journalism program has subareas in news leadership, free speech, journalism education, and youth media.<sup>22</sup>

In 2008, the foundation made more than 1,400 grants worth a total of \$60 million, of which \$22 million came from public donations. Of that, almost \$6 million went to the journalism program.

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<sup>21</sup> <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=4245068>;  
OSI 2008 annual report: [http://www.soros.org/resources/articles\\_publications/publications/ar08\\_20090720/ar08\\_20090911.pdf](http://www.soros.org/resources/articles_publications/publications/ar08_20090720/ar08_20090911.pdf)

<sup>22</sup> <http://www.mccormickfoundation.org/journalism/programstrategy.aspx>;  
2008 annual report: <http://www.mccormickfoundation.org/publications/FINAL08AnnualReport.pdf>

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# Family Foundations

**W**e now turn to several foundations that, while lacking the reputation of the major national foundations, nonetheless have made a significant contribution to journalism or journalism education.

- Sandler Family Supporting Foundation made a \$30 million to establish ProPublica, and Herbert Sandler maintains an active interest, sitting on ProPublica's board (also see below for ProPublica).
- The Elaine and Gerald Schuster Foundation has made a \$5 million donation to establish Schuster Institute for Investigative Journalism. Bill Moyers has served as a trustee of Schuster for many years, and has actively supported funding for critical and investigative journalism.
- The Emily Rauh Pulitzer Foundation donated \$1.8 million to establish the Pulitzer Center on Crisis Reporting.
- The Popplestone Foundation donated \$1.45 million to the Center for Public Integrity.
- The Arthur Vining Davis Foundations provided \$1.5 million for media funding in 2008—largely for producer Ken Burns and other long-form public broadcasting documentaries.

## *Donald W. Reynolds Foundation*

The Donald W. Reynolds funds journalism education and operations, especially in business journalism. In 2004, the foundation gave almost \$20 million for the creation of a Donald W. Reynolds Journalism Institute at the University of Missouri. In 2010, Reynolds committed \$4.6 million to establish the Reynolds High School Journalism Institutes through the American Society of News Editors ASNE, and gave

\$2.3 million in 2007-09. The ASNE is a non-profit professional association focusing on leadership development and journalism-related issues. In total, the foundation has given almost \$65 million to journalism projects since 1992, making it a major funder of journalism education and, with the Reynolds Journalism Institute, of journalism practice.

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## *The Ethics and Excellence in Journalism Foundation*

The Ethics and Excellence in Journalism Foundation was founded in 1982 by Edith Kinney Gaylord, the first female journalist on the Associated Press general news desk. The foundation works to invest in the future of journalism by building the ethics, skills, and opportunities needed to advance principled, probing news and information. It has been a signifi-

cant funder in the area of investigative journalism, giving \$100,000 for the Wisconsin Center for Investigative Reporting; \$85,000 for the Center for Investigative Reporting; 192,956 for the Center for Public Integrity; and \$200,000 for the Fund for Investigative Journalism.

## *William Penn Foundation*

The William Penn Foundation is the 19th largest family foundation in the U.S., 42nd largest overall, with assets of about \$1.1 billion in 2008. Among the

projects the William Penn Foundation has funded is the Investigative News Network (see below).

## *Omidyar Network*

Omidyar Network was started by eBay founder Pierre Omidyar and his wife Pam. Omidyar gives grants to nonprofits and, unlike most of the organizations discussed here, also invests in for-profit companies that work for social change. It thus represents a major new trend in U.S. philanthropy, „social entrepreneurship,“ in which the values of for-profit organizations (accountability, return on investment, measurable goals) are introduced into the non-profit world, either indirectly (as criteria for funding non-profit projects) or through funding for profit companies with a „social mission“.

The network’s Media, Markets and Transparency program funds social media, media marketplaces, and government transparency. The Social Media program invests in technologies that engage, in-

form and encourage people to join in conversation. Funding includes \$2.5 million to Creative Commons in 2007 and \$2 million to Wikimedia in 2009.<sup>23</sup> The Marketplaces program helps organizations build communities and online marketplaces to encourage transparency and trust, investing in platforms that help social entrepreneurs connect with philanthropists. Funding in this project includes:

Since its inception, Omidyar has committed \$352 million in funding, of which \$200 million went to nonprofits. Investments have been growing year over year, with \$103 million in grants and investments in 2008. Omidyar ended 2008 with \$242 million in assets. In 2008, the network gave grants worth \$50.4 million, compared to \$32.2 million in 2007.<sup>24</sup>

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<sup>23</sup> [http://www.omidyar.com/investment\\_areas/media-markets-transparency/social-media](http://www.omidyar.com/investment_areas/media-markets-transparency/social-media)

<sup>24</sup> <http://www.omidyar.com/sites/default/files/file/2008%20990-PF,%20Return%20of%20Private%20Foundation.pdf>

# The Field of Media and Journalism Practice

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Just as Knight has shaped the field of funding, it is shaping the field of practice. In this next section, we consider The Institute for Interactive Journalism: J-Lab, and its role in shaping the emerging field of non-profit sponsored (both seeded and funded) community-based journalism.

We then move to the field of investigative journalism, where Knight plays only a slightly less dominant

role because of the major investments of other foundations in this arena. Next we turn to an important emergent area, the funding by foundations of journalism on topical areas that are their main focus of funding, before concluding with a brief section on other news non-profits rooted in the world of commercial media, e.g. newspapers owned by public trusts, cooperatives, etc.

## Support for New Media

**N**ew media are growing rapidly at the community level all over the United States. Many of the new media are relatively small, local blogs about neighborhoods, towns, or city sections, run by one or a few people. Sometimes these are “citizen journalists,” people who used the widely available tools of new technology because they had something to say, a point of view, or just wanted to fill a gap in news about their communities. In other cases they are run by professional journalists, who have moved on from jobs in newspapers or electronic media, either by choice or because of layoffs.

Other new media alternatives are, in some form or another, alternatives to the traditional newspaper. All are, by definition, online, using electronic media and smaller staffs to try and cover some aspects of

a broader community region, usually restricting their topics or angles of coverage to supplement or complement the general report of a city daily.

Here too, the Knight Foundation has had a disproportionate impact. Its Knight News Challenge has fed innovation, while the Community Information Challenge is seeding dozens of new community based journalism and communication partnerships. But the heart of Knight community information efforts remains the Institute for Interactive Journalism: J-Lab at American University.

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## The Institute for Interactive Journalism: J-Lab

J-Lab was founded in 2002 by Jan Schaffer, a former editor and Pulitzer Prize winning journalist at the *Philadelphia Inquirer* and till 2001 was director of the Pew Center for Civic Journalism (see Pew, above). Funded by the Knight Foundation, the purpose of J-Lab is to „help journalists and citizens use digital technologies to develop new ways of participating in public life.“ The means of doing this is to provide small awards and seed money to innovators in journalism and community news, whether professionals, citizens, or media entrepreneurs. J-Lab began distributing \$12,000 dollar seed grants through a nationally competitive process in 2005, with an option for \$5,000 the subsequent year if the project showed signs of success.<sup>25</sup> Funding levels have since changed, with the organization now awarding \$17,000 with a potential follow-up of \$8,000 the next year. This funding is enough to get small ideas going, but not enough to sustain them, and this was by design. The goal was to seed small, *sustainable* innovations, not to permanently support projects as a traditional funder. Of course, some of the projects succeeded and more did not, but as a whole, J-Lab has shaped the field of innovation in community-based news.

Beyond this funding role, the Institute has built e-learning Web sites and new tools for interactive and citizen journalism, engaged in other forms of training, and conducts research on this emergent field. At present, J-Lab's database of new media projects, while incomplete, is the most comprehensive listing of new media projects in the U.S. and has served as the foundation for our own database (see Appendix).

J-Lab has also tracked funding of these projects, and, as of 2009, discovered that 180 community, family and other foundations have contributed nearly \$128 million since 2005 to news and information initiatives in communities across the United States. This funding supported at least 115 news projects in 17 states and the District of Columbia from 2005-09, with some projects receiving multiyear funding.

According to Schaffer: „These new projects are often organized acts of journalism, constructed with an architecture and a mind-set to investigate discrete topics or cover geographic areas. The projects provide deliberate, accurate and fair accounts of day-to-day happenings in communities that nowadays have little or no daily news coverage.”<sup>26</sup>

As of 2009, J-Lab had funded 46 community news start-ups culled from 1,249 proposals since 2005, with an additional nine in 2010.

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<sup>25</sup> Author Friedland received one of these early awards for the Madison Commons.

<sup>26</sup> “New Media Makers: A Toolkit for Innovators in Community Media and Grant Making; A report by J-Lab: The Institute for Interactive Journalism, May 2009, p. 2; hereafter cited as New Media Makers; [http://www.j-lab.org/new\\_media\\_makers.pdf](http://www.j-lab.org/new_media_makers.pdf)



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## Community Foundations

The growth of the J-Lab projects, as well as *Voice of San Diego*, *Daily Planet*, and *MinnPost* underscore the central role of local funding by community and regional foundations in the plans of local nonprofit journalism. Indeed, it is probably fair to say that the growth of local nonprofit media will not be sustainable without major and increasing funding from community foundations.

In 2010, the 25 largest community foundations had assets valued at approximately \$23 billion dollars.<sup>27</sup> A July 2010 Knight Foundation-funded report on media funding by community and place-based foundations surveyed 928 organizations on their grant-making and non-granting activities in information and media. Although only 135 responded (15%), their responses provide a useful, if not generalizable indication of the role community and place-based foundations might play in funding journalism and community media. 50% of respondents made grants to information or media-related projects totaling at least \$165 million. Of this about \$64.4 million went toward provision of content.

As discussed above, the Knight Foundation is taking leadership in this area with the Knight Community Information Challenges, which promise to match community foundation support for community news and information projects with \$24 million over the next five years. The first call for projects in 2009 attracted 170 proposals. Twenty-one winners were announced in February 2009 that received \$5 million in Knight funding with community foundations providing an additional \$4.1 million. Community foun-

dations' support ranges from a \$488,500 grant from the San Antonio Area Foundation to improve communications in diverse communities to \$90,000 from the Berks County Community Foundation to create online community information hubs.

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<sup>27</sup> <http://foundationcenter.org/findfunderts/topfunderts/top25assets.html>

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# Investigative Journalism

**T**he third major area of our report focuses on the field of investigative journalism. Although non-profit funding for investigative journalism is not new, it has taken off considerably in the past five years. Investigative journalism ventures have received a large, growing share of grant support, just under 50% of all funding. According to the J-Lab New Media Makers study, the most definitive to date, of the nearly \$128 million granted to news and information projects since 2005, more than \$56 million has gone to fund three investigative projects, with most of that going to ProPublica (\$30.8 million), the Center for Public Integrity (\$18.1 million) and the Center for Investigative Reporting (\$7.3 million).<sup>28</sup>

Clearly, as a single category, investigative journalism dominates the field of nonprofit funding. However, the \$30 million gift of the Sandler Foundation to ProPublica distorts the shape of the field. While,

of course, these are real dollars going to investigation, if not for this one large grant (say, for example, it was closer to a very large grant of \$10 million), investigation would receive something closer to 25%, which we estimate are the real dollars likely to go to this subfield over time. However, investigation is seen as threatened by a wide range of institutional funders, as well as family and individual foundations. Further, the watchdog role of investigation is widely understood to be essential to the functioning of real democracy, so contributions to this field are likely to continue and grow.

Below, we analyze the field of investigative funding in more detail. We begin with the “big three” of investigation, the Center for Investigative Reporting, ProPublica, and the Center for Public Integrity. We then turn to newer centers, new media, innovative state projects, and the Sunlight Foundation, a leading example of an emerging investigative hybrid.

## *Center for Investigative Reporting*

The Center for Investigative Reporting (CIR) is the oldest nonprofit investigative news organization in the U.S. Founded in 1977 by journalists Lowell Bergman, Dan Noyes and David Weir, CIR’s stories have appeared in every major news outlet in the U.S., including the New York Times, Washington Post, all three major news networks, the PBS *NewsHour*, PBS *Frontline*, *Time* and many others. CIR’s reports are original investigations designed for a coordinated release in multiple media. CIR actively collaborates

with other news organizations, independent journalists, and universities. CIR’s stories have received every major national journalism and investigative award, and have led to Congressional hearings and legislation.

Recently the CIR has hired eleven reporters, producers, and editors for its California Watch initiative. The project is funded by James Irvine, William and Flora Hewlett, and Knight Foundations. It is a

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<sup>28</sup> New Media Makers, p. 5

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response to the diminished ability of newsrooms in the largest state in the union to cover a broad range of critical issues, including public education, health and welfare, and the influence of money in politics. Funders at Irvine say they are concerned with effective state governance. Most of its \$1.3 million over three years will go toward establishing a bureau in Sacramento, the state capital. The grant addresses

„the diminished capacity of news organizations to conduct in-depth reporting to illustrate what’s going on with our [state] government.”<sup>29</sup> This is one important, possible, model for the growth of investigative journalism at the state level, which has been all but wiped out by recent cuts in the commercial newspaper industry.

## ProPublica

*ProPublica* was founded in 2008 by Herbert and Marion Sandler, whose wealth came from the Golden West Financial Corporation. They started the organization with \$10 million in seed funding and a commitment of an additional \$10 million annually through the Sandler Foundation. Other funders include Knight, the MacArthur Foundation, Atlantic Philanthropies and JEHT Foundation. In 2009 the organization received \$1 million in funding on top of the Sandler funding; in the first four months of 2010 alone, it had already received \$2 million. In 2008, ProPublica had \$3.8 million in assets.<sup>30</sup>

ProPublica focuses on producing journalism with „moral force“ and aims to fill the gap that the media crisis has created in investigative reporting. That includes stories as well as databases and other reporting tools. In 2010, the center became the first online organization to win a Pulitzer Prize for its collaborative investigation of a hospital dealing with the aftermath of Hurricane Katrina, published on its website and in the New York Times Magazine.<sup>31</sup>

The organization runs a newsroom of 32 journalists, many of whom had previously worked in major national newsrooms. Many of its stories are offered free to a mainstream news organization, and are also published on ProPublica’s website. In 2009, the organization used this model to publish 138 stories in 38 different outlets. It publishes its stories under the Creative Commons license, and in 2009 made a deal with Associated Press to distribute them to its members.<sup>32</sup>

ProPublica is the exception in the field of nonprofit journalism. While it offers an example of what *could* be done with sufficient funding, it is our judgment that it does not represent the future of the field of nonprofit journalism in the U.S., because few if any other organizations are likely to be the recipients of such significant founding gifts.

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<sup>29</sup> New Media Maker s, p. 5

<sup>30</sup> [http://s3.amazonaws.com/propublica/assets/docs/propublica\\_report\\_may2010.pdf](http://s3.amazonaws.com/propublica/assets/docs/propublica_report_may2010.pdf);  
[http://s3.amazonaws.com/propublica/assets/docs/990\\_filed\\_090814.pdf](http://s3.amazonaws.com/propublica/assets/docs/990_filed_090814.pdf)

<sup>31</sup> <http://www.propublica.org/awards/item/pulitzer-prize-in-investigative-reporting-deadly-choices-at-memorial>

<sup>32</sup> <http://www.propublica.org/article/associated-press-joins-steal-our-stories-movement-613>

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## Center for Public Integrity

The Center for Public Integrity, founded in 1989, was one of the first nonprofit investigative journalism centers in the United States, and continues to be one of the largest. It has 40 employees, plus 100 international journalists in 50 countries as part of its International Consortium of Investigative Journalists, and an annual budget of \$5 million. The center has broken stories such as that of the use of the Lincoln Bedroom in the White House for political contributors, and writes a report every four years on funding of the U.S. presidential race (published in 2004 as the bestselling book *The Buying of the President*). The center's major funders include the Fund for Independence in Journalism and the Ford Foundation, and the center is one of the most connected organizations in the foundation-funded media landscape. Bill Buzenberg is the center's executive director.

Recent projects have included measuring the level of dysfunction in the U.S. government, investigating the lobbying around a new transportation bill in 2009, reporting, annually, on changes in state disclosure laws, and identifying who is responsible for the financial meltdown.

CPI spent \$3.9 million on operations in 2008, in five program areas: environment, money and politics, international, research and development, and web and media. The institute's revenue for the year was \$8.3 million, with \$5.1 million in unrestricted funding from foundations and major gifts, \$2.8 million in restricted funding, and \$300,000 in membership dues.<sup>33</sup>

## Pulitzer Center on Crisis Reporting

The Pulitzer Center on Crisis Reporting was founded in 2006. It is a nonprofit focused on producing international journalism about underreported topics for American audiences. The center's reporting has been featured across mainstream media in the United States and beyond. The center aims to conduct media campaigns or projects, rather than providing one-off stories. In 2009, the center was involved in more than 40 projects, many of them collaborations with mainstream media organizations.

The center also runs educational programs. Global Gateway focuses on engaging youth in world issues and Citizen Engagement was a reporting contest in partnership with YouTube, which sent the winner abroad as a journalist with the Pulitzer Center.

The center's major donors include the Emily Rauh Pulitzer Foundation and the David and Katherine Moore Family foundation. It spent \$1 million in 2009.<sup>34</sup>

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<sup>33</sup> [http://www.publicintegrity.org/assets/pdf/CPI\\_report\\_2009.pdf](http://www.publicintegrity.org/assets/pdf/CPI_report_2009.pdf)

<sup>34</sup> Center 2009 Annual Report: <http://www.pulitzercenter.org/temp/1PCFinalAnnualReport2009.pdf>

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## Special Funds and Networks

In the past few years there have been a number of special funds for investigative journalism established.

### **Challenge Fund for Journalism**

The Challenge Fund for Journalism was begun in 2004 as a consortium of the Ford, McCormick, and Ethics and Excellence in Journalism Foundations to provide a combination of grants and coaching, technical assistance, and networking opportunities

to groups working in the fields of youth and ethnic media, and investigative reporting.

In the first five years of the program, 44 media organizations received almost \$8 million dollars.

### **Investigative News Network**

The Investigative News Network was founded in July 2009 as a group of nonprofit investigative journalism centers. It includes NPR and American Public radio, as well as startups. In a year it has grown to an association of 40 newsrooms. The network's first col-

laborative project, in February, had seven nonprofits publishing and airing simultaneous stories about the lack of punishment for students found to have committed sexual assaults on campuses.<sup>35</sup>

## State Investigative Projects

In addition to the large national investigative projects discussed above, new state level and regional centers of investigation are beginning to develop. We

discuss two of the most prominent, the Wisconsin Center for Investigative Journalism and the New England Center for Reporting.

### **Wisconsin Center for Investigative Journalism**

The Wisconsin Center for Investigative Journalism, founded in January 2009, investigates issues of government integrity and quality of life in Wisconsin. The center collaborates with the University of Wisconsin, Wisconsin Public Radio, and Wisconsin Public Television, as well as mainstream and ethnic news media across the United States. Its stories have been pub-

lished or broadcast by more than 30 outlets around the state. It is a founding member of the Investigative News Network. Along with producing news reports, the center educates and trains University of Wisconsin students in investigative journalism, trains citizens to investigate, and publishes investigative reports on its website.

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<sup>35</sup> <http://investigativenewsnetwork.org/2010/02/24/network-members-launch-first-major-collaborative-effort>

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## *New England Center for Investigative Reporting*

This center, founded in January 2009, is housed at Boston University (BU). It produces locally-focused investigative reports, trains future journalists, both at BU and at local high schools, and experiments with digital delivery of long-form content. It has partnerships with many of the local news organizations, including the Boston Globe.<sup>36</sup>

The center is funded through Boston University. Many local news outlets have donated employee time. The New England Cable News donates an in-

vestigative producer three days a week, and, along with local radio and the Boston Globe, allocates employee time as necessary. The center has also received \$30,000 from individuals and \$35,000 from the Deer Creek Foundation for an environmental investigative reporting project.<sup>37</sup> The Knight foundation recently announced a two-year \$400,000 grant for the center.

## *Huffington Post*

The *Huffington Post* (HP) is a well known liberal blogging site, centered around the personality of Arianna Huffington. The HP is a for-profit enterprise, financed with \$5 million from Softbank Capital, a venture firm.

In 2009 the HP announced a collaboration with Atlantic Philanthropies to create a nonprofit fund to produce investigative journalism. The fund launched with a budget of \$1.75 million and a staff of ten jour-

nalists. Huffington said the fund is an attempt to support investigative journalism in an era of newspaper contraction and national crisis. The fund is headed by Nick Penniman, founder of the American News Project, which merged with the Investigative Fund. The Fund's reporting is non-partisan, and donations to the fund, like donations to foundations, charities and other nonprofit organizations, are tax deductible<sup>38</sup>.

## *The Sunlight Foundation*

The Sunlight Foundation is both a nonprofit journalism organization and a granting agency itself, working to make government data more accessible. The foundation uses technology to encourage government transparency and accountability. It runs a think-tank to develop ideas and encourage policies around government transparency; a campaign to encourage citizens to demand accountability;

an investigative branch that uses uncovered data to demonstrate why accountability is important; a grant-giving arm; and an open-source technology resource called Sunlight Labs.

It was started in 2006 with a \$3.5-million donation from Michael Klein, a retired lawyer. Since then, donations have included \$8 million from Omidyar

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<sup>36</sup> <http://www.bu.edu/today/2009/05/20/covering-uncovering-story>

<sup>37</sup> [http://necir-bu.org/wp/?page\\_id=1043](http://necir-bu.org/wp/?page_id=1043)

<sup>38</sup> In the US donations and gifts to nonprofit corporations or associations that, according to IRS publication 557 have acquired tax-exempt or 501(c) status are tax-deductible. Normally all private foundations, public charities or nonprofit funds in the US have obtained this status.

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Network, more than \$4 million from the Rockefeller Family Fund, and a \$2.5 million contract with Pew Charitable Trust.<sup>39</sup>

The foundation gives grants to organizations using the internet to make the American government more accountable. The organization has given dozens of grants, including „mini-grants“ of \$1,000 to \$5,000

for projects around the United States. The biggest to date were \$1.2 million in 2009 to the Center for Responsive Politics to maintain its resources on the sources of money in politics, and to open its data to the public; and \$1 million in 2009 to the National Institute on Money in State Politics, to open its state-level campaign finance data.<sup>40</sup>

## Foundation Funding of Special Topic Journalism

In the past decade, a new trend has arisen, the fourth considered in this report. A group of major foundations that have traditionally concentrated on specific non-journalistic policy areas have begun funding journalistic efforts or bureaus in their areas of specialization. This has been particularly pronounced in the areas

of health and the environment. The area of special topic journalism is likely to grow rapidly because it allows foundations to fund high quality journalism in their own fields, even if, as an organization, they do not regularly fund journalism. We discuss two leading projects in this area: Kaiser Health News and Pew Stateline.

### *Kaiser Health News*

Perhaps the most ambitious of the new news bureaus is Kaiser Health News (<http://www.kaiserhealthnews.org/About.aspx>), a nonprofit news organization reporting on health care policy and politics at federal and state levels, as well as trends in health-care delivery. It was launched in 2009. According to Kaiser President and CEO Drew Altman „Our mission and our challenge with Kaiser Health News is to do in-depth coverage of health policy that informs and explains and that increasingly cannot be done in the

mainstream news business.“ The organization aims to provide new opportunities for health-care journalists to produce in-depth journalism, and a new outlet for stories.

Other news outlets can republish the content for free, with credit and a link to KHN. The KHN is run by Executive Editors Laurie McGinley, formerly of the Wall Street Journal, and Peggy Girshman, formerly of the Congressional Quarterly and NPR, illustrating

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<sup>39</sup> <http://sunlightfoundation.com/funding>

<sup>40</sup> <http://sunlightfoundation.com/about/grants>

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the trend of hiring news professionals to run specialized information bureaus.

The organization is a project of the Henry J. Kaiser Family Foundation, which focuses on providing information about major health issues in the United States. The foundation does research and analysis on health care issues, operates a health news and information service, and runs public health campaigns around the world. KHN's reporting on aging and long-term care is funded by the SCAN Foundation.

Kaiser has a long history of supporting health media, beginning with its first fellowship program for health journalists in 1993. It also runs a large internship program for minority journalists interested in health reporting, and funds nationally recognized research on media and health, and media and children.

Kaiser Health is just one of many nonprofit and foundation funded organizations providing health news. Some are localized – the California Center for Health-Care Journalism and the Connecticut Health Foundation, for instance. Others, such as Women's EHealth, focus on providing information about particular issues within the health-care field.

## Stateline

Stateline (<http://www.stateline.org/live/>) is a nonprofit daily online news publication of the Pew Center on the States, reporting on trends and issues in state politics and policy. It was founded in 1999 with funding from Pew Charitable Trusts, to counteract shrinking news coverage of state governments. In 2008, Stateline became a project of Pew Center on the States, a division of Pew Charitable Trusts. State-

line has syndication deals with LexisNexis, Factiva and organizations in McClatchy-Tribune Information Services. All Stateline materials can be reprinted with credit and without editorial changes. Stateline also publishes free reference materials, including an annual report called State of the State.<sup>41</sup> Virtually all of Stateline's funding is from the Pew Charitable Trusts.

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<sup>41</sup> <http://www.stateline.org/live/static/About+Us>



# Conclusion

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It is fair to say that there is a full blown crisis in the ability of the U.S. communication system to provide quality journalism, particularly at the local level, but also in the areas of investigative and enterprise reporting, public affairs reporting, international reporting, and a broad range of specialized issues. The reasons for this crisis are themselves complex and contested, but consensus in the U.S. exists on several key points.

First, the business model of mainstream journalism in the U.S. is broken. Of the traditional “three legs” of revenue – classified revenue, advertising, and subscription – the first has vanished forever, the second is in both a secular and cyclical decline, and the third is also approaching the end of a long secular decline. In short, American quality journalism, in which newspapers have always held the central place, is seriously threatened, and in some cities, has already begun to disappear.

Second, increasingly, people under 30 are turning to aggregators (Yahoo, Google, etc.) for their “news.” But, of course, aggregators do not create news. Further, the results of aggregation and web browsing are now circulated through social media (Facebook, Twitter, etc.) such that the origins of news are obscured, and stories are not linked back to their source. There are two consequences: the originators

(journalism institutions) are not paid and, of equal importance, audiences are unaware that they are consuming journalism at all.

Third, despite the profusion of new media, citizen journalism, individual and group blogging, policy blogging, and so on, the whole range of digital media are not and will not spontaneously replace traditional journalism. Some have argued that the value-added elements of journalism will emerge in the new media ecology and the older forms of quality journalism based on a monopoly of distribution and information will simply be reinvented in the new media ecology. Others argue that the disappearance of the old quality journalism will leave a significant “ozone hole” in the media ecology, that cannot and will not be filled by new value-added niches adding up. Regardless, the gap is there and is only beginning to be filled by the new, nonprofit startups.

Finally, in the U.S. at least, civil society (as the foundation field) is stepping in to fill this gap and there is a growing consensus that this is necessary and legitimate. Now the argument has become whether this is possible, i.e. a) whether the foundation community has the adequate resources to fund alternatives and the wisdom to seed, find, weed, and curate the best examples; and b) even if it is possible, whether it is sustainable.

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# Success and Limits

In the past ten years, a vibrant, field of nonprofit journalism has begun to emerge in the United States. U.S. foundations, led by Knight, have managed to stimulate a lively field of nonprofit journalism that is showing real effects on journalistic practice in local communities, stimulating investigative centers, developing new forms of technology in open competition, and building new centers of journalism education. Whether this is sustainable remains an open question, but it has filled a critical gap in the midst of crisis.

The field of local nonprofit journalism has grown tremendously. As noted above, whereas there were virtually no local alternatives to local traditional newspaper journalism as recently as 2000, now there are more than a thousand. Some are micro-blogs, affecting only a small surrounding neighborhood. But in many major U.S. cities, online news organizations of high quality, conducting local investigation, and performing traditional watchdog functions have begun to emerge, like the New Haven Independent, The Voice of San Diego, the MinnPost, and the St. Louis Beacon. All of these have received nonprofit funding to startup, and none would have succeeded without it. They are now diversifying their funding models, looking to advertising, user subscriptions, and other revenue streams, in addition to foundation support. More of these local independents are coming online annually, many started by former newspaper journalists.

Without foundation funding, none would have started, and, probably, without continuing foundation funding, they will not be able to stay alive. This is both the good and bad news of this emergent field. The foundation world has succeeded in seeding these new forms, but, so far, none are independently sustainable. While this may change, it will take at least five to ten more years of experimentation to know which, if any new models, can generate sufficient revenue to

survive on their own, grow audiences, and continue to publish with less than 25% of foundation support. In our opinion, this is an important benchmark. The new nonprofit enterprises will never succeed in outgrowing foundation funding entirely, but they may succeed, if they can grow subscriber and other revenue to 60 - 75% of their operating costs.

This is even more true of the new nonprofit investigative enterprises, and the important “issue” sites that we have discussed. ProPublica is the first online enterprise to win a coveted Pulitzer prize, but the author of the story was supported by the Kaiser Foundation as a media fellow, and the New York Times published the story. There are two cautions here. While ProPublica was an important source of support, it took external foundation funding to develop the story, and the New York Times to disseminate it.

While ProPublica has been an important model of the kind of aggressive, quality journalism that can be developed and widely disseminated, we cannot overlook the \$30 million that seeded it. This is not likely to be widely replicated in the investigation field. The Center for Investigative Reporting, with its multi-year success in producing reports for the highest levels of commercial and public media, its alliance with the University of California-Berkeley School of Journalism, and its new California bureau and focus, combined with a more modest \$5 million budget provides a more likely model of sustainability over time. But in the field of investigation, there is no one clear model. And this area is likely to be very dependent on foundation funding for the indefinite future.

Perhaps the most important lesson to be learned from both local and investigative nonprofit efforts is that they provide startup funding for new ideas, and fill gaps in the existing media ecosystem as it goes through a wrenching transition from a largely-print

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center culture to one that is online. The major role that foundations can play is to assure that in this transition the older traditions do not become extinct, but are transferred to the new online media, and supported until they find ways to survive there that are not completely dependent on foundation funding. This is what Knight has tried to do, although at times its approach has been overly broad, scattered, and unable to harvest the lessons of its success.

Foundation funding of nonprofit journalism is partly a result of the unique structure of American civil society, its entrepreneurial and voluntaristic culture, and

the structure of American philanthropy that concentrates relatively large amounts of social investment in independent actors who compete to realize differing visions of the social good. However, the U.S. does demonstrate that with what is still a relatively small investment, large-scale experimentation can be launched and a new field can be created. The converging underlying conditions in the U.S. and Europe do suggest that if such an investment could be replicated in Europe that a series of useful and potentially important experiments in the restructuring of the European journalistic field could be conducted with a high chance of success.

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