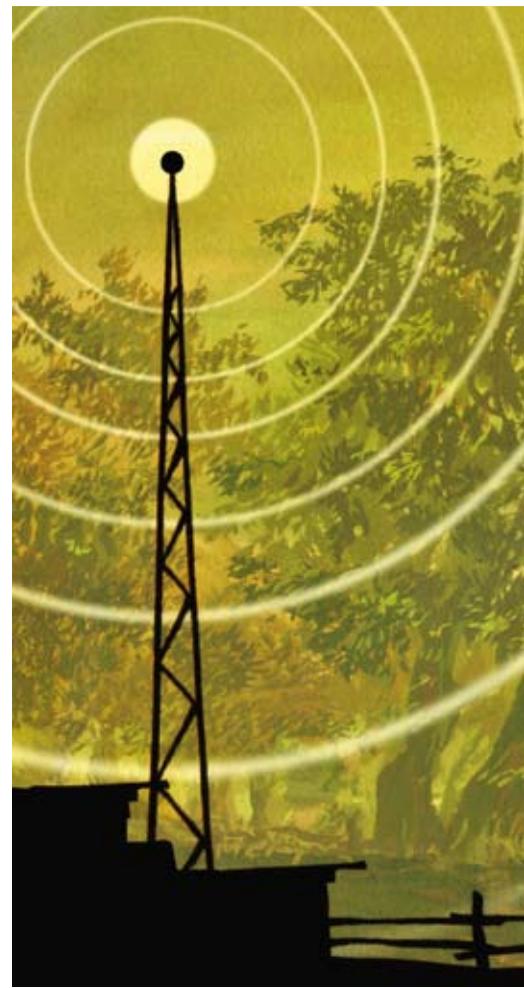


The Nonprofit Road

It's paved not with gold, but with good journalism

BY CHARLES LEWIS



Never has there been a greater need for independent, original, credible information about our complex society and the world at large. Never has technology better enabled the instantaneous global transmission of pictures, sounds, and words to communicate such reporting. But all this is occurring in a time of absentee owners, harvested investments, hollowed-out newsrooms, and thus a diminished capacity to adequately find and tell the stories.

The standard euphemism to characterize these peculiar times is that the news media are undergoing a historic “transformation,” which is certainly true. What has also been true for years now is that media corporations are desperately seeking a way to remain viable financially in the wild marketplace of, well, everything else. And at the moment, the landscape looks precarious, particularly for serious editors and reporters.

In the past couple of years alone, everything but a piano has fallen on the head of the serious press: Rupert Murdoch bought Dow Jones and *The Wall Street Journal*; Knight Ridder, the nation’s most Pulitzer-honored newspaper chain, was dismantled; the McClatchy Company sold the Minneapolis *Star Tribune* to a private equity firm for less than half of its purchase price eight years earlier; and hundreds of reporters and editors accepted buyout offers at *The Atlanta Journal-Constitution*, *The Boston Globe*, the Cleveland *Plain Dealer*, *The Dallas Morning News*, the *Los Angeles Times*,

twenty-four foreign bureaus and stringers in forty-four countries; today, there are six bureaus, none of them in Africa or Latin America. Time Inc., owner of the largest circulation newsweekly magazine, *Time*, eliminated 650 jobs in early 2006, including those of Don Barlett and Jim Steele, two of the nation’s preeminent investigative journalists, in May. The following week, it was reported that Time Inc. had just paid \$4 million for exclusive photographs of Shiloh, the newborn baby of Angelina Jolie and Brad Pitt.

There simply are fewer and fewer professional reporters monitoring power in America and the world for American readers. The financial pincers threaten even the top of the news chain. In April, New York Times Company shareholders were urged by a Morgan Stanley money manager to overturn that company’s two-tier stock structure for strictly financial reasons. Days before the Times Company’s annual meeting, Donald Graham, the CEO of The Washington Post Company,

The Washington Post, and many other newspapers.

Four dailies that have produced inspiring international coverage in the past—*The Philadelphia Inquirer*, *The Boston Globe*, *Newsday*, and the *Baltimore Sun*—closed their remaining overseas bureaus. In TV, as veteran correspondent Tom Fenton has observed, a quarter century ago CBS News had



which is also protected by a two-tier stock structure, wrote a blunt editorial entitled “The Gray Lady’s Virtue” in *The Wall Street Journal*, citing the “crazy risks” of the Morgan Stanley gambit:

If the stock structure were eliminated, a line of buyers eager to purchase the company would form within minutes. No one could say no. The line would include private equity firms, high-ego billionaires, international media companies lacking a famous property and lots more.... It isn’t guaranteed that anyone owning the *Times* would spend more than \$200 million on its newsroom budget or deploy dozens of foreign correspondents around the world. Sending any one of those reporters overseas costs lots of money and doesn’t add a penny to this year’s circulation or advertising revenue.

The Sulzberger family retains control of the Times Company, its two-tier structure intact, but when was the last time you saw the owner of *The Washington Post* take to the street—Wall Street, that is—to defend *The New York Times*?

While more and more newspapers will transform themselves into “print-Web hybrids,” as Robert Kuttner wrote in these pages a few months ago (“The Race,” March/April), to keep the journalism flowing, online advertising revenue must catch up to editorial payroll levels. That prospect is uncertain, and more layoffs seem likely. Not surprisingly, in recent years, the sheer volume, enterprise, and quality of serious news stories have quite noticeably diminished, especially among small and mid-size newspapers.

What replaces that flow of information? What will nourish our democracy? Perhaps new stand-alone, advertising-supported, profitable venues for original newsgathering and storytelling—beyond subscription-based, niche publishing—will evolve in the digital age, as we all hope they will. But that hasn’t happened yet.

In this light, other economic models that can produce substantive journalism suddenly look more interesting and relevant to a profession under siege. And while much has been written of late about the dire state of commercial journalism, very little has been said about various independent, noncommercial initiatives specifically designed to produce that kind of substance.

ONE DISTINGUISHED EXCEPTION is Philip Meyer, the visionary computer-assisted-reporting pioneer, who has also studied the effects on the news of a tightening economic environment and been vocal for years about the need for new ideas and approaches. Meyer serves as the Knight Chair and Professor of Journalism at the University of North Carolina, where he is just starting his final year. In his 2004 book, *The Vanishing Newspaper*, Meyer wrote, “The only way to save journalism is to develop a new model that finds profit in truth, vigilance, and social responsibility.” He cited non-profit institutions such as National Public Radio and the Center for Public Integrity, which I founded in 1989 and

ran until 2004, as perhaps representing useful roadmaps for the future.

Nonprofit ownership and publishing are hardly a new idea in the U.S. The oldest and largest news organization in the world, founded as a cooperative venture back in 1846, is a not-for-profit corporation based in New York—The Associated Press. The AP today has more than four thousand staff employees (three thousand of them journalists) worldwide, and 243 bureaus in ninety-seven countries. According to the 24/7 wire service, “on any given day, more than half the world’s population sees news from AP”—news sent in five languages via fifteen thousand outlets in 121 countries. In the U.S., its paying clients consist of five thousand radio and television outlets, four thousand Web-site customers, and 1,700 U.S. newspapers. And the AP, with revenue of \$679.8 million last year, appears to have adapted well to the new technologies, forging lucrative relationships with such major online customers as Google and Yahoo and others; revenue from digital sources is 15 percent, or just over \$100 million, and rising.

But also consider such nonprofit-owned newspapers as *The Christian Science Monitor* (published secularly since 1908 by the First Church of Christ, Scientist, in Boston, with writers based in eleven countries); the Manchester, New Hampshire, *Union Leader* (owned by the Nackey S. Loeb School of Communications); *The Day* in New London, Connecticut (willed to a trust in 1939, with some revenue flowing to community organizations via grants); *The Anniston Star* in Alabama (to be willed to a trust upon the death of the publisher and his sister; some profits already finance a newsroom-based graduate program in journalism); and the *Delaware State News* (willed to a trust in 1991, with profits reinvested in the paper). And on the magazine side, such publications as *Foreign Affairs*, *Foreign Policy*, *Mother Jones*, and *Harper’s* are all nonprofits. The giant *Consumer Reports*, which has won numerous journalism awards over the years, is owned by Consumers Union, a nonprofit advocacy organization founded in 1936. Other big special-interest magazines published by nonprofit organizations include *AARP The Magazine* (22.6 million subscribers) and *National Geographic* (5.4 million).

The nonprofit Poynter Institute for Media Studies in Florida—named after Nelson Poynter, who owned the Times Publishing Company and created the institute and willed stock in order to maintain it after his death—owns the for-profit *St. Petersburg Times* newspaper and its affiliates, *Congressional Quarterly*, *Governing*, and *Florida Trend* magazines. On national television, two highly respected news programs, *Frontline* and *The NewsHour with Jim Lehrer*, are aired on the not-for-profit Public Broadcasting Service (PBS), launched in 1969.

But no nonprofit—and no for-profit—news media organization in the U. S. today can match the audience growth of National Public Radio (NPR), which began in 1970 and now has thirty-six bureaus in the U.S. and worldwide and approximately thirty million weekly listeners, double what it had a decade ago. NPR news reaches audiences around the world through broadcast, satellite, and digital radio, as well as

through online, mobile, and on-demand services. Today NPR has seven hundred employees and its programming is heard on more than eight hundred independent public radio stations nationwide; its flagship programs, *Morning Edition* and *All Things Considered*, are the top and fourth most listened-to radio programs in America. Thanks in substantial part to a huge bequest by Joan Kroc, NPR’s operating budget is about \$144 million today, with total assets exceeding \$436 million. It is hard to believe that at the end of 1983, it had only about two million listeners and was \$7 million in debt. In the late 1990s and again, especially after September 11, NPR turned some kind of significant corner, becoming a primary news source for millions of Americans.

Throughout the 1960s, states and universities primarily funded individual public radio stations, with some support from the Ford Foundation, the Carnegie Corporation of New York, and other foundations, according to Edward Lenert, a professor at the Reynolds School of Journalism in Reno, Nevada. Carnegie also funded the creation of the Carnegie Commission on Educational Television, which in 1967 issued a national plan for public television as a national institution, the funding for which would be controlled by a new government-funded nonprofit corporation, which was created that year by Congress and called the Corporation for Public Broadcasting (CPB). Radio was excluded from the original draft of that bill, but was later added—literally penciled in—according to the first NPR employee, Jack Mitchell, the author of *Listener Supported: The Culture and History of Public Radio*. National Public Radio was founded on February 24, 1970, with ninety stations as charter members, “the first permanent nationwide interconnection of non-commercial stations.”

Although virtually all of NPR’s early money came directly from the CPB—and the CPB continues to send tax dollars to hundreds of NPR affiliates nationwide in the form of federal grants (which in turn pay for NPR programming)—beginning in the 1980s, NPR began more aggressively seeking philanthropic contributions from private sources, foundations such as Carnegie, Ford, MacArthur, the Pew Charitable Trusts, and others, as well as from corporations. Simply stated, NPR would not exist nor have evolved into what it is today without that kind of support. A public need for such an institution was perceived and then duly addressed.

DESPITE ITS EXCELLENT and in-depth reporting, NPR is not known for investigative reporting. (The sole radio program in the U.S. devoted substantially to investigative reporting is *American RadioWorks*, a documentary show out of St. Paul, Minnesota, home of Minnesota Public Radio/American Public Media, another, separate nonprofit and the U.S.’s second largest producer of public radio programming.) Indeed, none of the nonprofit ownership outlets mentioned above is solely engaged in the practice of investigative journalism—painstaking, time-consuming work that usually takes weeks or months to complete. Few news organizations, in fact, support such expensive curiosity anymore. With the institutional commitment to investigative reporting on the decline, report-

ers have formed their own nonprofit organizations in recent years in which to do their work.

For example, in late 1988, I quit the CBS News program *60 Minutes*, where I worked as a producer assigned to Mike Wallace, and from my house founded, along with two other journalists, the nonpartisan Center for Public Integrity. With no money of my own to contribute, and no background in either fundraising or management, I set out in 1989 to find philanthropic support, initially from small foundations, labor unions, companies, and TV network consulting contracts (in 1994 we stopped seeking business and labor support). Our first annual budget was \$200,000; over the next fifteen years we raised approximately \$30 million, more than 90 percent of that from foundations. By 2004, I oversaw a full-time staff of forty and more than twenty part-time, paid intern researchers on a \$4.6 million annual budget. Today Bill Buzenberg, the first managing editor of NPR, is the nonpartisan Center's fourth executive director, overseeing what has become the largest nonprofit investigative reporting organization in the world.

Over the past three decades, the Center has conducted dozens of successful investigations and won most major journalism honors. Its modus operandi has always been to release investigative findings the way a freelance journalist would, through major media outlets. For example, *Washington Post* reporter Robert O'Harrow Jr., who has carved out a unique information technology and privacy beat at the paper, took a leave of absence—financially supported by the Center—and in 2005 produced “No Place to Hide,” a multimedia project about disconcerting alliances between commercial data-services companies and government anti-terrorism efforts. A series of stories in the *Post*, a bestselling book, an ABC News primetime documentary, and an *American RadioWorks* documentary all combined to create a public furor and prompted Congressional hearings. The Center accepts income from foundations, contract revenue from news outlets, and individual donations; its annual budget of approximately \$1.5 million supports a full-time staff of nine and numerous independent contractors.

For America's major foundations, this is another PBS/NPR leadership moment, in which great vision and substantial resources together can accomplish something historic.

Since 1997, reporting across borders with its International Consortium of Investigative Journalists, the Center has produced more than four hundred investigative reports released online, in printed studies and newsletters, and in seventeen books, including a national best-seller, *The Buying of the President 2004* (Perennial/HarperCollins). The Center first revealed that Enron was George W. Bush's top career patron, for example.

But the first and oldest nonprofit investigative journalism organization in the world is the Center for Investigative Reporting, based in Berkeley (and on whose board I sit). Three investigative reporters, Lowell Bergman, David Weir, and Dan Noyes, founded the Center in 1977. It was first run out of Bergman's house in Berkeley, and seed money came from a \$3,000 grant from Philip M. Stern, a public-spirited philanthropist and author who created the Fund for Investigative Journalism in 1969. (That same year, the fund gave Seymour Hersh enough cash to complete the My Lai story, among other successes. Bergman is now a correspondent for *Frontline*, a consultant reporter for *The New York Times*, and a professor at the Graduate School of Journalism at the University of California in Berkeley.

There are other, much smaller, nonprofit investigative journalism organizations outside the U.S., including the Philippine Center for Investigative Journalism in Manila, and the newer and even smaller Romanian Center for Investigative Journalism in Bucharest. In 1989, just after the collapse of the Ferdinand Marcos regime, Sheila Coronel and eight other Filipino journalists founded the highly respected Philippine Center. With an annual operating budget of \$500,000 and a staff of roughly ten, the Philippine Center went on to expose the corruption of subsequent presidents, including Joseph Estrada, who was removed from office after the Center uncovered the tens of millions of dollars he had spent building lavish mansions for his mistresses. (Last year Coronel passed the baton to a successor and became the first director of the Stabile Center for Investigative Journalism at Columbia University's Graduate School of Journalism.) The Philippine Center receives roughly 25 percent of its annual income from the interest on an endowment seeded by the Ford Foundation, 60 percent from grants and individual contributions, and 15 percent from the sale of books, magazine subscriptions, and reports.

Three investigative reporters from the Bucharest daily *Evenimentul Zilei*—Stefan Candea, Paul Radu, and Sorin

Ozon—started the Romanian Center in 2001. Despite being chronically underfunded, it is well regarded for its courageous reporting on corruption in the region. Radu told me that he and his partners created the Center because of the poor quality of investigative journalism in Romania, and the great need for it, because of “the ties between high-ranking officials, organized crime groups, and crooked intelligence officers.”

Back in the United States, we also have seen some innovative, cross-platform collaboration and synergies between investigative reporters and universities. The considerable human and physical resources of those institutions—researchers eager both to learn and be mentored, libraries, office space, experts in various disciplines—help respected investigative journalists do their important work. For example, Lowell Bergman, as a journalism professor at Berkeley, benefits from students’ research for his investigative projects, such as a powerful series on worker safety he did for both *The New York Times* and *Frontline*.

David Protes, at Northwestern University’s Medill School of Journalism, famously launched the Medill Innocence Project in 1999. He and his students investigate miscarriages of justice and, in close collaboration with the commercial media in Illinois, have contributed to the exoneration of ten innocent men and women, five from death row. Florence Graves, founder and editor of the now-defunct *Common Cause Magazine*, began what is now called the Schuster Institute for Investigative Journalism at Brandeis University in 2004. It has since collaborated with both *The Washington Post* (an exposé of airline safety at Boeing) and *The Boston Globe*, and also is beginning its own Innocence Project. Bill Moushey, a former *Pittsburgh Post-Gazette* reporter, runs an Innocence Institute out of Point Park University in Pittsburgh; Steve Weinberg at the University of Missouri (and a former contributing editor to *CJR*) expects a similar project to get under way in that state in January, drawing on resources from the university’s four campuses, including law and journalism students.

OUR DISILLUSIONMENT WITH the limitations of the commercial broadcast news media is not new. PBS and NPR were created roughly forty years ago in part due to a perception that the public needed more substantive, enriching news. And we often forget that, as detailed above, philanthropic foundations were instrumental in helping to create these two vital, national nonprofit institutions and their noncommercial systems of distribution.

But our democracy’s need for higher-quality reportage has substantially increased. It’s time for civil society, especially the nation’s foundations and individuals of means, to collaborate with journalists and experts who understand the changing economics of journalism in an imaginative, visionary plan that would support our precious existing nonprofit institutions and help to develop new ones—the Associated Presses and *Morning Editions* and *Frontlines* of the future, in all forms of media. As Bill Kovach, the chairman of the Committee of Concerned Journalists, puts it, “I think we have to really count

on philanthropic organizations, at least in an interim period while this destabilization continues. Because most news organizations are so scared and so unsure of themselves, they are not protecting their franchise. And somehow a philanthropy that believes in democracy has to help stabilize it.”

There are tantalizing signs that specific philanthropic institutions and individuals finally realize just how severe the crisis has become. The question is: Can they overcome their sometimes short-term thinking and fickle, often idiosyncratic nature and make significant, multi-year commitments to strengthen or build pillars of journalism in their communities, the nation, and beyond? Can they think outside their own agendas and embrace the inherent value of accurate, nonpartisan information to our national discourse?

The journalists are ready. More than at any time I can remember in the past thirty years, respected journalists in the U.S. and around the world, frustrated by what has become of their profession, appear to be increasingly interested in *carpe diem* entrepreneurship, in starting, leading, or working in new nonprofit newsrooms locally, nationally, and even internationally. And in recent months, major philanthropists and journalists, in different settings around the country, have been talking to each other about what is needed and what is possible.

Why not nonprofit online newspapers serving their communities—Orlando or Akron or San Francisco—supported by local citizens and area foundations, or perhaps in association with local colleges and universities? Or, beyond the local scale, if five million people regularly coalesce as subscribing members of a National Geographic Society, why can’t other serious journalistic entities draw such numbers in a digital world, across borders? And beyond daily news coverage, is there a way to regularly generate high-quality, investigative and international reporting as a syndication service or as a “viewers like you”-supported Web destination? Such things are absolutely possible, and absolutely sustainable, with the right combinations of people, resources, and timing—and they are certainly needed.

For America’s major foundations, this is another PBS/NPR leadership moment, in which great vision and substantial resources together can accomplish something historic. At the very least, from NPR to the infinitely less-nurtured and younger investigative-reporting organizations profiled here, increased long-term support could boost both the quality and the quantity of their output and impact.

All of the above? That could measurably improve the woefully ailing “informed citizenry” dimension of our democracy.

And for serious reporters and editors looking for trustworthy places to work, these new and future nonprofit institutions could be ways to rejuvenate and sustain the soul of journalism. **CJR**

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