



Can foundations solve the journalism crisis?

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journals.sagepub.com/home/jou**Rodney Benson**

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Abstract

In the context of the ongoing financial crisis in U.S. professional journalism, philanthropic foundation-supported nonprofits are increasingly proposed as a solution to the under-provision of civic-oriented news production. Drawing on an analysis of the social composition of boards of directors and interviews with foundation officials and nonprofit journalists, this article examines both the civic contributions and limitations of foundation-supported nonprofit news organizations. Foundations are shown to place many nonprofits in a Catch-22 because of competing demands to achieve both economic “sustainability” and civic “impact,” ultimately creating pressures to reproduce dominant commercial media news practices or orient news primarily for small, elite audiences. Further, media organizations dependent on foundation project-based funding risk being captured by foundation agendas and thus less able to investigate the issues they deem most important. Reforms encouraging more long-term, no-strings-attached funding by foundations, along with development of small donor and public funding, could help nonprofits overcome their current limitations.

Keywords

Boards of directors, foundations, media impact, media ownership, nonprofit journalism, sustainability, U.S. journalism

In response to the contemporary economic and professional crisis of U.S. commercial journalism, foundation-supported nonprofit media are increasingly hailed as the remedy (Lewis, 2007; Nonprofit Media Working Group, 2013; Pew Research Center, 2011). Immediately following the 2016 U.S. presidential election, individual contributions to

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nonprofit media surged (Fandos, 2016), likely indicating both dissatisfaction with commercial media performance during the campaign and fear that the Trump administration would threaten press freedoms. But are foundation-supported nonprofit news organizations really a solution to what ails journalism and democracy? And if so, what kind of solution do they offer?

In order to answer these questions, I first sketch the recent history of the synergy and tensions between commercialism and civic commitment in American journalism. In contrast to Western Europe, U.S. journalism has long been thoroughly commercial, with only a very small public media sector. From the 1960s through the 1990s, it seemed nevertheless possible to achieve a “win-win” in which the profit motive could be conjoined to public service. Before the turn of the century, however, even this seeming compromise between commerce and public service was already unraveling, and the rise of the Internet only exacerbated this trend.

I then trace the rise of nonprofit journalism beginning in the mid-2000s. Relying heavily on grants from philanthropic foundations (Ford, Gates, Open Society, Knight, etc.), nonprofit journalism is seen as a means of transcending the previous market/civic compromise in order to focus solely on public service. Yet there has been too little critical analysis of the nonprofit alternative (for exceptions, see Browne, 2010, and Scott et al., 2017). We need better answers to questions like: Who exactly is in charge of these nonprofits, what are foundations asking in return for their support, and what are the material and ideological limits to reform embodied in this new organizational model of journalism? In other words, we must acknowledge the possibility that foundations are just as capable of non-democratic “media capture” on behalf of their own interests as they are of fostering civic benefits for society as a whole.

Drawing on an analysis of the professional and educational composition of boards of directors at commercial news organizations, foundations, and nonprofit news organizations, I show that financial elites dominate the oversight of all three types of organizations, though to a slightly lesser degree at foundations and nonprofit news. Further, I show that foundations place many nonprofits in a Catch-22 bind because of competing demands to achieve both civic “impact” (via circulation of free content) and economic “sustainability” (via paying audiences and corporate sponsors). Foundation project-based funding has also sometimes skewed media attention towards fashionable issues favored by philanthropic donors while ignoring a range of equally or even more urgent social problems. Philanthropic support mostly reinforces and extends an upper middle-class, pro-corporate orientation in mainstream American journalism. Although nonprofit journalistic organizations have made some notable civic contributions, they fall short of offering a strong critical alternative to the market failure and professional shortcomings of commercial journalism. In this article, I thus aim to sketch out both the possibilities and limits of the foundation-supported nonprofit solution.

U.S. journalism: Market failure, weak public media, and a new fragmented order

During the 1980s and 1990s, news media companies were among the most profitable companies in the United States, regularly earning 20 to 30 percent profit margins (O’Shea,

2011). American newspapers earned 80 percent of their revenues from advertising, the highest proportion in the world (WAN [World Association of Newspapers], 2007). Throughout this “golden age,” news companies used some of their revenues to subsidize civically valuable but less monetizable forms of journalism, such as investigative, public affairs, and international reporting. What is now seen in hindsight as journalistic excellence also had its shortcomings – most notably, failure to confront the systemic problems of capitalism and to cover the concerns of groups outside advertisers’ targeted demographics – but at least there was some attention paid to public affairs. Beginning in the 1980s, tensions between professional ideals and Wall Street demands for profitability and thus cutbacks in news budgets and staffing began to mount (Meyer, 2006).

Pressures continued to intensify during the 1990s as profit maximization came to dominate all other considerations. As longtime ABC News television reporter and producer Paul S. Mason remarked in an interview:

“We used to say, you’ve got to ‘feed the beast.’ Sometimes feeding the beast is not in conflict with doing the things that you think are really important. Those are the happy moments. As time marched on, they became less frequent” (Mason, 5 April 2013, interview with author).

It was in the midst of this less than idyllic situation that a series of crises arrived after the dawn of the new century: the consolidation of a commercial Internet and the flight of classified advertising to Craigslist, the decline of print display advertising and its meager replacement by online advertising, the societal financial crises of 2001 and 2008. From the historic peak year of 2005 to 2016, advertising revenues for newspapers plummeted from \$49 billion to just over \$18 billion; only 30 percent of the current total comes from digital advertising (Pew Research Center, 2016). The drop in revenues has thus been dramatic, yet many news companies have maintained profits of 15 percent or higher by digging even deeper for newsroom cuts. Over the past decade, full-time newspaper journalism jobs in the United States have been reduced from 60,000 to 40,000 (Downie and Schudson, 2009). In particular, local, national, and international public affairs reporting have been hit especially hard. Newspapers in mid-sized cities across the United States have dramatically reduced investigative reporting, undermining their capacity to serve as a “watchdog” of corruption (Starr, 2011). Expansion of online news – mostly oriented toward light human interest, celebrity, and crime and scandal coverage – has not made up for the shortfall (McChesney, 2013).

Economists would call this a clear case of “market failure” (Baker, 2002). In Western Europe, such circumstances have prompted states to provide financial support in order to maintain press pluralism; for instance, in 2009, the French government provided \$950 million to help financially ailing newspapers (Benson and Powers, 2011). The high quality of the UK’s BBC, not to mention the strong public broadcasters of Germany and the Nordic countries, is the result of a conscious policy decision to support programming that would not be adequately provided by the market. In the United States, however, a public policy solution is vigorously opposed by a strange bedfellows coalition of anti-government conservatives and professional journalists, the latter motivated by a strict interpretation of the First Amendment, which they see as prohibiting any government involvement with the press. Compared to any other leading democratic nation-state, the

United States has the smallest government-supported public media sector by far. The pillars of this system are PBS and NPR; taxpayer public funding amounts to just over \$3 per capita, compared to \$82 for the public service media of France, \$100 for Great Britain, \$135 for Germany, and \$177 for Norway. PBS and NPR also receive a significant portion of their revenues from charitable donations, large and small; yet even when these donations are added to the mix, funding of America's public media still totals less than \$9 per capita (Benson et al., 2017: 5).

Caught between this “rock and a hard place” of market failure and the refusal of a public policy response, reformers intent on restoring America's “golden age” of public-minded journalism have turned to philanthropy for a way out. Nonprofit media are needed, proponents argue, because the reconfigured commercial media system is under-producing the amount and quality of public affairs and investigative reporting needed by a democracy (Downie and Schudson, 2009; Lewis, 2007; Foundation Center, 2013b). But where will nonprofit media fit into our contemporary, highly complex digital news ecosystem?

Beginning with the widespread adoption of cable television in the 1980s and accelerating with the rise of the Internet in the late 1990s, the old “broadcast” system in which a few major news outlets gathered together a mass audience has been replaced with a post-broadcast fragmented system (Prior, 2007). The U.S. mainstream commercial journalistic field has sub-divided into three segments: a mass infotainment segment consisting of massive websites such as Yahoo, BuzzFeed, and Huffington Post as well as commercial television news, online and off;¹ a partisan segment represented by (conservative) Fox and (left-liberal) MSNBC, mostly conservative talk radio, and various smaller websites (Barry and Sobieraj, 2014); and an elite “quality” segment led by national newspapers such as the *New York Times* and *Wall Street Journal*, but also extending to most of the (relatively) non-partisan print/digital press, including magazines such as *The New Yorker* and *Atlantic* and leading regional newspapers.

Nonprofit news, as we will see, is not a substantially critical counterforce to this commercial system, but rather supplements and increasingly cooperates with it. As Graves and Konieczna (2015) have argued, nonprofit news seeks not to challenge but to “repair” the journalistic field, that is, to restore its traditional civic mission as it was understood during American journalism's golden age. A recent study of nonprofit news websites covering state and local news found that 44 percent were openly partisan – and thus complement the commercial partisan sector – but most of these partisan nonprofit sites tend to be quite small (Pew Research Center, 2011). This article focuses on the larger and better-funded segment of professionalized, nonpartisan nonprofit media, which either cooperate (Graves and Konieczna, 2015) with both mainstream elite and mass commercial media, including television news, or attempt to create their own niche audiences marked by high-income, high-education demographics.

Foundations and nonprofits to the rescue: Who are they?

In the American context, nonprofit generally refers to a special tax status (so-called 501(c)3) that allows organizations with a civic mission to avoid paying taxes. Churches, humanitarian organizations such as the Red Cross, and other charitable projects have long

enjoyed the status; news media, until recently, did not.² There were some rare exceptions such as the *Christian Science Monitor*, founded in 1908 by the First Church of Christ, Scientist, and still one of the largest nonprofit news organizations. America's version of "public service" audiovisual media, such as PBS (Public [Television] Broadcasting Service) and NPR (National Public Radio), launched in the late 1960s and early 1970s, have also had nonprofit status in order to supplement their meager government support with charitable donations from individuals and foundations.

In recent years, growth in the nonprofit news sector has been dramatic: 308 new nonprofit news organizations across 25 states and the District of Columbia, supported by 279 foundations, were launched between 2005 and 2012 (Holcomb and Mitchell, 2014:19). Major foundation donors to news media have included the Bill and Melinda Gates Foundation (founded in 2000), Ford (\$12 billion, founded in 1936), Knight (\$2.4 billion, founded in 1950), the William and Flora Hewlett Foundation (\$8.6 billion, founded in 1966, a major funder of NPR and PBS), the MacArthur Foundation (\$6.3 billion, founded in 1970), George Soros' Open Society Foundations (\$5 billion, founded in 1993), Rockefeller (\$4.1 billion), and the Carnegie Corporation (\$3 billion) (Foundation Center, 2013a).

Who are the people behind the decision-making of foundations and nonprofit news organizations? An analysis of the boards of directors of several top foundation and nonprofit news organizations (see Table 1, 2 and 3)³ can help us begin to answer this question.

As a helpful though non-definitive benchmark, let us first examine the boards of directors of the publicly traded Gannett Corporation, the largest commercial newspaper chain and a leading profit-maker, and of the Sulzberger-family controlled New York Times Co., indisputably the most prestigious and influential U.S. news organization (see Table 1). Nine of Gannett's eleven board members (82%) are businesspersons in information technologies and finance (such as high-level executives at Microsoft and E*TRADE). The New York Times Company's board is also dominated by business professionals (79%), although three of these are Times executives with journalistic training or experience. Neither the New York Times Co. nor Gannett provide complete information online about the educational background of board members, accentuating the primary emphasis on professional, mostly business, expertise.

Compared to these commercial news organizations, major national foundations tend to be directed by boards with more diverse professional pedigrees and higher amounts of cultural capital, prominently displayed. An analysis of the boards at Ford, Knight, MacArthur, and Open Society shows that business leaders make up from 25 to 53 percent of board membership. Academics are the most strongly represented category at MacArthur and Open Society. The typical foundation board member has two university degrees; eighty-one percent of all degrees reported are from Ivy League or other highly selective universities (e.g., Stanford, Wellesley, Oxford, etc.) (see Table 2).

Nonprofit news organizations supported by these foundations seem to occupy a social space somewhere between the foundations and commercial news media. Overall, business leaders make up 55 percent of board members at a small, non-representative sample of nonprofits (Texas Tribune, MinnPost, Center for Investigative Reporting [CIR], ProPublica, and San Francisco Public Press). As with foundations, educational

Table 1. Professional background composition of boards of directors: Commercial news organizations, nonprofit news organizations, and foundations.

	Arts	Nonprofit	Acad.	Journ.	Law	Bus.: IT/ Media	Other Bus.:	PR/ Adv.	Bus.: Finance	Business: TOTAL	Total
Gannett	0	0	1	1	0	2	3	0	4	9 (82%)	11
NYT	0	1	1	0	1	6	0	2	3	11 (79%)	14
Total:	0	1	2	1	1	8	3	2	7	20	25
Commercial		4%	8%			32%	12%	8%	28%	80%	
Texas Tribune	0	1	2	2	0	3	0	3	1	7 (58%)	12
MinnPost	0	10	1	1	4	1	7	2	7	17 (52%)	33
CIR	0	2	1	1	0	1	0	5	6	12 (75%)	16
Pro Publica	0	0	1	2	1	0	0	0	6	6 (60%)	10
SF Public Press	1	0	5	0	1	2	0	0	0	2 (22%)	9
Total:	1	13	10	6	6	7	7	10	20	44	80
Nonprofits		16%	13%			9%	9%	13%	25%	55%	
Ford	1	3	2	0	2	1	4	0	3	8 (50%)	16
Knight	0	2	2	3	0	2	2	0	4	8 (53%)	15
MacArthur	0	2	5	1	0	1	0	0	2	3 (27%)	11
Open Society	0	3	5	1	0	1	0	0	2	3 (25%)	12
Total:	1	10	14	5	2	5	6	0	11	22	54
Foundations		19%	26%			9%	11%	0%	20%	41%	

Table 2. Academic degrees of board members: Commercial news organizations, nonprofit news organizations, and foundations.

	Ivy League	Other Highly Selective	Other	Individuals reporting / Total	Degrees per person reporting	Total Degrees
Gannett*	—	—	—	—	—	NA
NYT**	—	5	1	3/14	—	6
Texas Tribune	3	6	4	10/12	1.30	13
MinnPost***	—	—	—	—	—	—
CIR	10	11	3	13/16	1.85	24
ProPublica	8	9	1	8/10	2.25	18
SF Public Press	—	1	2	2 / 9	1.50	3
Total:	21	27			1.76	58
Nonprofits	(36%)	(47%)				
Ford	9	13	5	14/16	1.93	27
Knight	8	5	7	11/20	1.82	20
MacArthur***	—	—	—	—	—	—
Open Society	13	6	1	11/12	1.82	20
Total:	30	24			1.86	67
Foundations	(45%)	(36%)				

*Gannett data were not available with one exception: President/CEO Gracia C. Martore reports that she is a graduate of the highly selective Wellesley College, with a double major in history and political science, and that she was named a Wellesley Scholar for academic excellence.

**New York Times Co. data only include the three members of management included on the board: publisher Arthur Sulzberger, Jr. (one degree: Tufts), Michael Golden (four degrees: Lehigh BA and MA; University of Missouri, MA; Emory, MBA), and Mark Thompson (one degree: Oxford).

***Education information not available for MinnPost and MacArthur boards.

credentials tend to be prominently displayed, most members have multiple degrees, and a high proportion (83 percent) of these degrees are from Ivy League or other highly selective universities (see Table 1 and Table 2)

While finance is the dominant form of professional affiliation at all three types of boards, its percentage of the total membership affiliations declines slightly as one moves from commercial news organizations (28%) to nonprofits (25%) to foundations (20%) (see Table 1). Nonprofit news board members, however, are more likely to have business or economics degrees (24%) than their counterparts at the foundations (9%) (see Table 3).

The management and directorships of leading nonprofits, foundations, and commercial news organizations are intertwined. Top nonprofit editors are often former high-ranking commercial news editors. ProPublica's founding executive editor, Paul Steiger, was the long-time editor-in-chief of the *Wall Street Journal*; his successor, Stephen Engelberg, was formerly chief of the *New York Times* investigative reporting unit and managing editor of the west coast newspaper *The Oregonian*. CIR executive editor Robert J. Rosenthal worked for the *New York Times*, the *Boston Globe*, and the *Philadelphia Inquirer*, before becoming managing editor of the *San Francisco Chronicle*. Texas Tribune executive editor and co-founder Ross Ramsey was previously co-owner of the *Texas Weekly* and worked as a reporter and bureau chief for the *Dallas Times*

Table 3. Academic degrees of board members by discipline: Commercial news organizations, nonprofit news organizations, and foundations.

	Hum./ Soc. Sci. BA	Journ. BA	Other or Un-spezif. BA	Bus. or Econ. BA	MBA	Tot. Business/ Econ. Degrees	Law Grad.	Journ. Grad.	Other Grad.	Total Graduate Degrees ***	Total
Gannett*	-	-	-	-	-	-	-	-	-	-	-
NYT**	1	0	2	0	1	1	0	1	1	3	6
Texas Tribune	0	1	8	0	2	2	1	1	0	4	13
MinnPost*	-	-	-	-	-	-	-	-	-	-	-
CIR	0	1	9	2	7	9	1	0	4	12	24
ProPublica	1	1	4	1	2	3	5	1	3	11	18
SF Public Press**	1	0	0	0	0	0	0	0	2	2	3
Total:						14 (24%)				29 (50%)	58
Nonprofits											
Ford	1	0	13	0	2	2	5	0	6	13	27
Knight	1	0	8	1	3	4	3	0	4	10	20
MacArt*	-	-	-	-	-	-	-	-	-	-	-
Open Soc	2	0	8	0	0	0	5	0	5	10	20
Total:						6 (9%)				33 (49%)	67
Foundations											

*Education background of members not available; **Education background available for only a few members; ***Total Graduate Degrees include MBA, Law Grad., Journ. Grad., and Other Grad.

Herald. Steiger, paid around \$570,000 per year during his years as executive editor of ProPublica,⁴ is also a member of the Knight Foundation board. Joichi Ito, director of the MIT Media Lab, is a member of the Knight, MacArthur, and New York Times Co. boards. ProPublica's Journalism Advisory Board includes former *New York Times* executive editor Jill Abramson, ABC News senior vice president Kerry Smith and Univision president Isaac Lee. The Spanish-language television network Univision is also represented on the Knight Foundation board by president Ray Rodriguez.

This close intertwining of elite management and boards between foundations, nonprofits, and commercial media does not preclude an oppositional or alternative stance for nonprofit media, but it certainly makes it more difficult to achieve. It also suggests that nonprofit media are not likely to do any better than mainstream media in connecting to the non-urban, non-cultural elite voters whose concerns about jobs, trade, and globalization tend to be ignored or dismissed in news coverage and public policy, and who arguably as a result helped elect the "populist" Republican Donald Trump to the U.S. presidency.

Foundation support for news media: Positive and critical appraisals

American foundations support a range of causes, large and small, following the whims of their founders, the constant monitoring of their staffs for the next big thing and, a general commitment to the public good. Foundations see themselves as providing "seed money" to jump-start local, national, and global initiatives on a variety of pressing social issues. In the United States, certainly, the federal system of distinct but overlapping governance at the local, regional (state), and national levels encourages and facilitates a decentered approach.

A more critical interpretation of foundation funding strategies, however, articulated by sociologist Joan Roelofs (1987: 33–38), finds the broad and long-term "interests of the corporate world" hidden behind this "mask of pluralism." Foundations' support for a "multiplicity of overlapping and competing organizations insure[s] that protest will remain fragmented." According to Roelofs, the "aim" of foundations "is to support forms of activism that do not seriously challenge the power structure." Everything is on the table as a potential "cause of the troubles" – "inadequate participation, unresponsive government, inadequate schools, unimaginative political leadership training," etc. – except the "institutions of capitalism." The result is ultimately a "mass movement" of "fragmented, segmented, local, non-ideological bureaucracies doing good works, and on top of it all, dependent on foundations for support." While slightly left of center, liberal foundations thus help "to prevent the formation of a broad left recognizing common interests" (Roelofs, 1987; see also Dowie, 2001).

Any examination of recent foundation media grants – notably to commercial as well as nonprofit news organizations – provides support for both generous and critical assessments of the sector. Diversity, especially ethnic-racial and linguistic, remains a special focus, mixed in with efforts to encourage in-depth reporting on poverty, inequality, health, the environment, and global development. The language of grants, however, is always tempered and stops short of systemic critique. In 2014, major grantees of the

Gates Foundation's "Communications" program included \$2.1 million to the Mexican commercial TV giant Univision; \$4.7 million to the International Center for Journalists to help African news organizations "deliver high-quality health and development news"; \$600,000 to Solutions Journalism Network, specifically for "solutions-oriented education reporting" adopted by the (Mormon) *Deseret News* "as a way to increase readership"; \$1.6 million to "The Conversation" in Australia "to support a content platform ... to contribute to the search for solutions to the most pressing development problems"; and \$328,000 to *Le Monde* "to expand coverage and to build a community of interest in France and the francophone world about reporting on innovation, global health and development issues in Africa" (Gates Foundation, 2014).

Major grantees of the Ford Foundation (2014) have likewise included Univision (\$500,000) for "investigative reporting to increase public knowledge of complex social issues, particularly among the growing demographic of Spanish-language residents of the United States"; Los Angeles Times Communications LLC (\$520,000) to enable coverage of "under-reported topics of public interest and importance, including wealth and poverty, immigration and criminal justice"; ethnic diversity-themed organizations, such as the Futuro Media Group (\$400,000) and Radio Bilingue, Inc. (\$250,000); the Committee to Protect Journalists (\$200,000); and the Center for Public Integrity (\$300,000) for "investigative reporting projects examining social justice issues of national and international consequence, including Global Tax Havens and the growing gap between rich and poor" (Ford Foundation, 2014).

Leading nonprofit news media clearly see their work as a form of public service. Investigative journalism has received a significant boost from nonprofit news organizations, most notably ProPublica (founded in 2008), which has won two Pulitzer Prizes, as well as the longer established but expanding Center for Investigative Reporting (founded in 1977) and Center for Public Integrity (founded in 1989). ProPublica's definition of investigative reporting is broad, including business and the nonprofit world as well as government, and hard-hitting. In 2015, its targets included the Red Cross ("How the Red Cross Raised Half a Billion Dollars for Haiti and Built Six Homes"), the New York Federal Reserve ("shining a bright light on the Fed's culture, a culture that seems to stifle dissent and has made regulators excessively cozy with the financial giants they are supposedly overseeing..."), and hospitals' overly aggressive efforts to collect debts from working class families (ProPublica, 2014).

A recent study by the Knight Foundation of 18 nonprofits, representing local (including MinnPost and Voice of San Diego), state (Texas Tribune), and national investigative organizations (ProPublica), found that they devoted from 34% to 85% of their budgets to editorial (Knight Foundation, 2013), compared to an average for commercial news operations of 12% to 16% (Doctor, 2013). In a recent comprehensive survey of 172 nonprofit news organizations founded since 1987, the Pew Research Center (2013: 6) showed that more than half focus on investigative reporting (21%), government (17%), or public and foreign affairs (13%).

Taking into account priorities as well as overall resources, small nonprofits can sometimes end up having more public affairs and investigative reporters on the ground than their much larger commercial competitors. For example, the nonprofit digital Voice of San Diego has a staff of only 20, but 11 of them are full-time investigative reporters – in effect, more

full-time investigative reporters than the commercial *San Diego Union-Tribune* with its 200 total staff (VoSD editor Andrew Donohue, July 2011, interview with author).

Despite these successes – all firmly within the realm of a modest left-liberal reformist agenda – there are clearly limits to the foundation “solution” to the market failure of American commercial journalism. Despite the incredible wealth of the foundation sector, their investment in news organizations is relatively small – especially compared to estimates of the amount lost because of commercial downsizing. Annual commercial spending to support news operations has fallen \$1.6 billion since 2008, according to the U.S. Federal Communications Commission (Waldman, 2011). Only about \$150 million per year – less than one-tenth of this amount – is currently being invested by foundations specifically in news organizations (Holcomb and Mitchell, 2014: 20).⁵ Put another way, total revenues for all types of U.S. news are about \$60 billion: two-thirds of this amount comes from advertising, while paying audiences account for most of the rest. Foundation contributions make up less than ½ of 1 percent of the total (Pew Research Center, 2014: 3). For the nonprofit sector, however, foundation contributions are crucial. One recent survey of 93 nonprofit news organizations found that about three-quarters received foundation funding, which usually made up the majority of an outlet’s total revenues (Holcomb and Mitchell, 2014: 19).

However you measure it, the nonprofit sector remains small. The largest national nonprofit news organizations, the *Christian Science Monitor* and ProPublica, both have annual budgets of around \$10 million and employ around 80 and 50 fulltime journalists, respectively (Lewis, 2010). By contrast, the *New York Times* has an annual budget just for newsgathering of \$200 million and employs more than 1,000 fulltime journalists (Grueskin et al., 2011: 93). At the regional and local level, the largest nonprofits are the *Texas Tribune* (\$7 million budget, 42 full-time journalists), followed at some distance by *MinnPost* (\$1.6 million, 17 journalists) and *Voice of San Diego* (\$1.3 million, 11 journalists) (Knight Foundation, 2015: 6). In comparison, a typical medium-sized city newspaper employs around 200 journalists and has a news budget of about \$20 million (Edmonds and Mitchell, 2014).⁶ Most nonprofit news organizations are very small and rely on a combination of paid and unpaid staff. A 2013 survey of 172 digital nonprofits across the United States found that 78 percent had five or fewer full-time paid staffers (Pew Research Center, 2013).

The other major obstacle to the flourishing of a nonprofit media sector ironically comes from the foundations’ understanding of their role. Specifically, contradictory foundation demands for “sustainability” and “impact” place nonprofit news operations in a nearly unresolvable bind.

Sustainability: Quality news for quality audiences

Most major foundations do not see themselves as providing an antidote to the market but rather short-term startup support with the expectation that nonprofits will eventually achieve “sustainability” (Edmonds, 2015). This approach means there is little interest in helping long-established organizations or providing ongoing “operational” support for any media outlet. “The nature of foundations is that they want to move on,” one leading foundation official told me (Charlie Firestone, Aspen Institute, May 2011, interview with

author). The goal is to wean news outlets off their “dependence” on foundation support with more “earned revenue” from advertising and paying audiences.

Economic sustainability for U.S. nonprofits thus means getting their high education, high income, and high influence audiences to donate directly or finding political or luxury commercial organizations who will pay to reach these same elite audiences through advertising. Although potentially economically sustainable, this formula moves nonprofit media toward an increasingly exclusive mission, news by and for elites. MinnPost is hailed as a stellar example of this kind of sustainability. By 2012, it had reduced its reliance on foundations to 20 percent of its total budget. The remainder came from individual (mostly large) donations and what the Knight Foundation (2013) defines as “earned” revenue: advertising, sponsorships (a form of soft advertising), and in-person fundraising events (p. 37).

MinnPost has successfully used this economic formula to support high quality, in-depth reporting and analysis of Minnesota politics and government. Sustainable news operations, by this definition, can thus focus on public affairs news, but at the cost of limiting the audience. As MinnPost publisher Joel Kramer remarked:

“We are a destination site [and our] target audience is highly engaged citizens who care about public policy and politics ... We are focusing on the subset of the newspaper audience that’s most interested in news and that clearly separates us from more mass audience publications ...” (Kramer, 6 June 2012, interview with author).

In October 2014, MinnPost attracted 270,000 unique visitors, a small number compared to regional commercial leaders such as the (Minneapolis) StarTribune.com with its 7 million unique monthly visitors and a very small number compared to major national commercial sites such as Huffington Post with 70 million monthly uniques. Even so, MinnPost’s reader traffic actually places it well above average for nonprofits: unique monthly visitors are less than 50,000 for many local and state nonprofits; only a handful, including the Texas Tribune (557,000) and ProPublica (545,000), are higher (Knight Foundation, 2013: 14).

But MinnPost is actually aiming lower, not higher. Kramer has been quoted saying that monthly “uniques” to his website are “worse than worthless” (Edmonds, 2013) and that he is really aiming for “one-sixth of adults, those who are news intensive and read multiple sources,” tend to be repeat visitors to the site, and most crucially distill the highest degree of influence (thus attracting advertisers) and economic power as potential donors (Konieczna and Robinson, 2014: 980).

This aspiration is a long way from the universal mission typical of European public service radio and television. In encouraging this kind of “sustainability,” U.S. foundations thus effectively reinforce the elite pole of the journalistic field, whose values are best expressed in the words of *New York Times* publisher Arthur Sulzberger, Jr.: “quality news for quality audiences” (Sulzberger remarks at Columbia University School of Journalism, 6 April 2011, author notes).

But what happens when nonprofit media attempt to provide quality news for people whose “quality” is not measured by the size of their bank account balances? The *San Francisco Public Press* provides an instructive object lesson. Launched in 2009 as a

self-proclaimed “Wall Street Journal for Working People,” the *Public Press* refuses advertising or corporate sponsorships as a matter of principle. As executive director Michael Stoll, a former commercial newspaper reporter, responded when asked about the difficulties of foregoing advertising funding: “I say good riddance. It was a bad marriage to begin with and it skewed coverage. And it foreclosed discussion of people in communities who were not targets of advertising” (Stoll, March 2011, interview with author).

Over the years, the *Public Press* has combined impressive investigative reporting on a range of public issues, such as homelessness, urban development, health care, and the environment, with assertive outreach to non-elite audiences. Asked by the *Columbia Journalism Review* in 2009 to write an “imaginary retrospective” of the *Public Press* for the year 2014, Stoll “recalled” the “daily print launch in 2012” that “allowed us to reach a whole new audience: the working-class population in San Francisco.” Stoll continued:

“Low-income folk are of little value to the luxury-goods advertisers targeted by traditional papers, and the Internet doesn’t ameliorate this because even in 2014, a third of that segment of the population has limited or no broadband Internet access at home” (Stoll, 2009).

Today the *Public Press* maintains a website (updated twice-weekly) and also distributes four times per year a few thousand copies of a 16-page print magazine, for sale at stores across the city for the accessible price of \$1. The *Public Press* remains a lean operation relying almost entirely on volunteer labor and an annual budget of less than \$100,000 per year, half from local foundations, thirty percent from individual donations, and the remaining 20 percent from print newspaper sales and other sources. By sticking to its guns to serve “citizens rather than consumers” (Stoll, 2009), the *Public Press* has survived, but never quite thrived. Its precarious existence is a warning to other nonprofits that seek to reach all citizens, rather than just the “quality” few.

Impact: Change and reach

Besides sustainability, foundations want from their fundees something they call “impact.” According to Paul S. Mason, the former ABC producer and now director of the nonprofit LinkTV, impact goes beyond the classic journalistic mission of simply informing the public to asking: “Did I change minds? Did I move legislation? ... That’s both a really, really high bar but it’s also very, very exciting” (Mason, 5 April 2013, interview with author). Likewise, Laura Frank, a former longtime Gannett newspaper chain journalist now leading the nonprofit I-News Network in Colorado, said that her “number one metric” for success is impact: “Did it make a difference?” (Frank, 7 April 2013, interview with author). Actual policy change is a plus, but not necessary to qualify as “impact.” Frank cites a multi-part series “Losing Ground” that systematically mined census data to document a growing income gap between white versus black and Latino residents of Colorado, prompting a broad public debate across the state about the problem. Impact is thus defined in ways that foreclose certain kinds of critique. It can be hard-hitting, but it has to be realistic. It has to engage with

proposals on the table, or potentially on the table, that might find elite sponsors. In other words, it shares the same ideological limits as the commercial mainstream liberal elite press.

Impact is also defined in relation to “reach.” The story needs to be widely read or viewed, if not by the entire public at least by a broad swathe of the electorate (still a relatively elite group comprising scarcely half of the adult U.S. population): meeting this goal generally requires partnerships with commercial legacy print and broadcast media. Almost all media deemed to have achieved a high level of “impact” usually give away their content to a range of commercial partners. Nonprofit media thus gain publicity and a larger audience; commercial media, still forced to maximize revenues and minimize costs in order to keep their stock shareholders happy, are delighted to accept the free contribution to their newsgathering operations. The Colorado I-News Network partners with nearly 100 news organizations, many of them commercial. ProPublica’s Pulitzer Prize winning content has mostly reached its audiences via sharing agreements with the *New York Times* and other major commercial outlets.

The Catch-22 is that “impact” as defined by foundations is not “sustainable” as defined by foundations. Sharing content for free is obviously not a money-generating formula; while it assures some level of impact, it also “lock[s] [nonprofits] into foundation funding” (MinnPost’s Kramer, quoted in Konieczna, 2014: 55) from the very foundations that have insisted they are not in it for the long term. Magda Konieczna (2018) documents two emerging responses from nonprofits to this dilemma. Nonprofits with a local scope, such as MinnPost and Voice of San Diego, concentrate on building a diverse funding base from local elites, businesses, and foundations, supplemented whenever possible by national foundations. While sometimes sharing stories with local commercial news (Voice of San Diego has partnered with a local NBC television affiliate), their focus is on serving a small elite audience. Nonprofits with a national scope, such as ProPublica or Center for Public Integrity, are better able to assemble an array of national foundation supporters. They are thus able and encouraged to focus entirely on broad impact, but remain economically fragile and vulnerable to the whims of philanthropic fashion, and their reliance on commercial news media to distribute their content forces them to replicate commercial news values (see also Konieczna, 2018).

Conclusion: The democratic limits of foundation-funded journalism

Considering the alternative, many ex-commercial journalists working in the nonprofit sector may feel that struggling to reconcile “sustainability” and “impact” is a small price to pay for the chance to produce meaningful work.

An important question to consider, however, is who decides what constitutes sustainability and impact, and thus sets the parameters in which meaningful work is produced. Ultimately, it should be remembered that foundation donations are not “free” but rather constitute a redirection of public resources (dollars that could go to government if it were not for generous tax deductions) to nontransparent and unaccountable foundations that have assumed policy responsibilities.

As one leading media foundation decider volunteered:

“We’re not regulated. There’s no accountability. I don’t have to meet with anybody I don’t want to meet with. None of us do. And I don’t think that’s a great system. So my responsibility is to be the best steward, but as a culture, as a democracy I don’t actually think foundations are the best way of providing public goods” (Foundation official speaking off the record, March 2013, interview with author).

Despite the language of civic duty that surrounds the foundation world like a golden haze, there are also often specific strings and metrics attached to grants. Foundations increasingly prefer funding specific projects to general operations, increasing the possibility of some degree of “media capture” by foundation donors (Schiffrin, 2016). Certainly, such arrangements create the possibility of a conflict of interest, or appearance of such.

For example, the Bill and Melissa Gates Foundation has been a major funder of reporting projects on development, poverty, health issues, and agriculture, especially in the developing world, providing grants not only to nonprofit radio and TV (NPR \$5 million, Public Radio International \$3 million, PBS NewsHour \$4 million) but also commercial media companies like ABC News (\$1.5 million) and the British *Guardian*. What is often left unspoken by the news media organizations receiving the grants is that the Gates Foundation has also partnered with Monsanto, which promotes genetically modified foods, a controversial issue highly relevant to developing countries (Doughton and Heim, 2011). While the foundation denies any overt pressure, reliance on Gates sponsorship creates the appearance of a conflict of interest: Will this project-sponsored reporting critically examine a Gates development project?

To give another example of the Gates Foundation in action: Upworthy, a recipient of a \$1 million Gates Foundation grant in 2015, works with “brands” to produce “sponsored” content in “collaborations” that find synergies between “brand values” and “important meaningful content” (Upworthy, 2015). A prime example of such synergies in action is a May 29, 2015 Upworthy news item on campaigns to combat poverty in Africa by improving birth control, focusing on the activities of none other than ... Melinda Gates (Huber, 2015). Thus, while the major foundations like Gates may not encourage overt partisanship, reliance on project-based funding at otherwise “neutral” news organizations encourages a subtle, nontransparent form of media capture consistent with the ever-present assumption: what is good for business is good for America. More generally, when foundations decide to focus on a few major issues, however worthy, they effectively divert attention from deep structural problems that may be even more worthy but less amenable to quick fixes (Lugo-Ocando, 2015): this is what Roelofs (1987) meant when she accused foundations of ultimately being a “mask of pluralism.”

Foundation-supported nonprofit news media are thus deeply incorporated into the U.S. hyper-commercialized system of news production and circulation, in which most of the public is provided a steady menu of infotainment and sponsored content, while a small sector of in-depth (limited) critical news remains largely within the provinces of high cultural capital elites. While this kind of elite news might have generated a powerful agenda-setting effect in the past, the politically polarized fragmentation of the contemporary American media landscape makes it more likely that quality news will indeed be consumed mostly by “quality” audiences. This is a loss both for the elites, who may not be adequately informed about issues of concern to non-elite publics, and for younger and less-educated citizens who would benefit from more professionally-vetted, in-depth reporting and less extreme partisan news, “fake”

or otherwise (Barry and Sobieraj, 2014; Stanford History Education Group, 2016). Foundations provide the shaky bridge whereby nonprofits can find their footing between the elite and mass sectors, without fundamentally challenging this stratified media system or the broader finance-led capitalist order upon which it depends. This, in short, is the kind of “solution” foundations currently offer to the crisis of U.S. journalism.

A more thoroughgoing solution – oriented toward reform rather than simply repair of the field – would require fundamental changes in foundation operations and budgeting (e.g., more long-term, non-project-based, no-strings-attached funding), greater recourse to small donor “crowd-funding” linked to more dispersed, democratic ownership power (Cagé, 2016), and more effective development of modes of distribution that reach beyond elite and partisan silos. Increased funding and greater autonomy for public media should also be on the table (Benson et al., 2017). Fortunately, this kind of critique and discussion is now taking place (see, e.g., Pickard, 2016; Rosenstiel et al., 2016; Schiffrin, 2016; Scott et al., 2017) and hopefully will begin to foster more substantial change.

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Notes

1. It is important to acknowledge that all of these media operate according to civic as well as commercial logics, only to varying degrees. The Huffington Post and BuzzFeed have both expanded their political and investigative reporting in recent years. Like most American news media over the past half-century, these digital native websites are thus spending a small portion of their advertising-generated profits in pursuit of public service ideals and, closely related, prestige with their journalistic peers. In addition, there can be distinct logics within large commercial enterprises, such as the differences in approach at the television channels between the “light” morning news shows and the more “serious” evening news.
2. Historically, the U.S. Internal Revenue Service has only granted tax-exempt nonprofit status to eight categories of organizations: “Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals.” Tax consultants are advising nonprofit journalism organizations applying for 501(c)3 status to stress their public “educational” function and to make sure that advertising or other commercial revenues remain only a small supplementary source of income (see Ellis, 2012).
3. Data in Tables I-III are based on the author’s analysis of information provided by each of the foundations and news organizations on their websites. NYU PhD student Tim Wood provided research assistance in the gathering of this data.
4. ProPublica Internal Revenue Service (IRS) 990 Forms, 2008–2012.
5. Even this is a generous estimate given that it also includes nonprofit media, such as NPR and PBS, which existed before the crisis.
6. These figures are for the now-closed *Rocky Mountain News*.

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