

Nonprofits and Journalism

An Interview with Mark Jurkowitz

Editors' note: *In the United States, there is a long-standing conceptual and practical interconnection between the news media and nonprofits. Both are creatures of the First Amendment, which accords citizens rights to a "free press" and to "free and active association." Both of these rights are considered essential to a healthy democracy and an informed citizenry.*

But journalism as we have known it is now widely considered at risk because the business that has supported much of it—that is, newspapers—has failed. As a result, many proposals have been floated to protect the integrity of journalism, and much experimentation is occurring. Some would like to see journalism be more fully "owned" by the nonprofit sector, for instance. Mark Jurkowitz talks with the Non-Profit Quarterly about where the media industry stands and where it is likely to go.

Nonprofit Quarterly: *You have been involved in media analysis for a few decades. How have you seen journalism change over that period?*

Mark Jurkowitz: Obviously, we have a dramatically fragmented news environment. The news cycle has sped up from a once-every-24-hours schedule where a gatekeeper was controlling the flow—you would pick up your daily paper or turn on Tom Brokaw once a day—to news that is available on a variety of platforms that is delivered in microseconds. People can get information on demand even when they are walking down the street.

There are myriad news organizations now functioning with very different standards and principles that make information available to people. A lot of it is much more ideological than it used to be. What used to differentiate U.S. media from a

lot of overseas media was the implied guarantee that when we covered the news, we would do so objectively. There wasn't ideological media and news gathering. That's changed. People now can pick and choose information—information that in some ways validates their own viewpoint. People now have the option to practice cafeteria-style news gathering, which is good in some ways and bad in others.

A lot of the paternalism is gone. It's no longer the province of major newspaper editors to determine what the American public gets to find out about. It's a transformation from "gatekeeper journalism" to "geyser journalism." By that I mean no longer is information sifted from the top down, but in many respects it explodes from the bottom up. All you need to have is one news purveyor deciding to make a story public, and it quickly will work its

way through the entire food chain. All of this is made possible by the Web.

NPQ: *So how does this affect the economics of journalism?*

MJ: The real crisis we see now in the newspaper industry has been caused by the failure to effectively monetize online journalism. The idea that somehow the content providers would be able to ring money and payments out of the Googles of the world—which have gotten rich slicing and dicing their content—is pretty much an argument that's still raging. But it looks to me like the barn door is open and the horse is well down into the field. There's still an argument over micropayments and paywalls and getting news consumers to pay for information online, but the overarching dynamic so far has been that people really aren't willing to pay for information online when it's so plentiful elsewhere.

The thought was—if you think of it in terms of a relay race—that there was going to be this baton handoff. Old-media forms suffering from declining readership, declining circulation, and declining advertising problems brought on by the loss of classifieds would hand the revenue baton off to the online world. I think people have been taken aback by the inability of journalism to create

Nonprofits Models for Newspapers, by Rick Cohen

Experimentation on forms, purviews, and financing models for nonprofit journalism efforts runs the gamut, some of which we will review here. As the experts debate the pros and cons, there are increasing examples of nonprofit-run and -financed news outlets filling in some of the gaps of declining coverage by mainstream newspapers.

Nonprofit journalism: Launched with largesse. MinnPost.com is a nonprofit online journal run by Joel Kramer, the former editor and publisher of the *Star Tribune* in the Twin Cities. Launched in 2007 by four families, MinnPost.com was started with \$850,000 and subsequent support from several foundations, including the John S. and James L. Knight Foundation and the McKnight Foundation. The business model relies on corporate and foundation sponsors, advertising, and annual contributions.

Voiceofsandiego.org got its initial funding from Buzz Woolley, a retired venture capitalist, who cofounded the online venture with former *San Diego Times-Union* columnist Neil Morgan. Like MinnPost.com, voiceofsandiego.org turns to member-donors and foundations for its \$1 million operating budget to support a staff of 12.

Several *St. Louis Post-Dispatch* editors joined together to found the Platform, which became the *St. Louis Beacon*. The online *Beacon* raised \$1 million to get going and got a pledge of another half-million if the venture can raise another \$1.5 million.

The *Chi-Town Daily* began as an online nonprofit three years ago, with member, corporate, and foundation support. An intriguing part of the model was the combination of "seasoned beat reporters" with a network of 70 trained volunteer reporters. In September, *Chi-Town* editors announced

their intention to convert to a for-profit model. *Chi-Town* suggested that it needed \$1 million to \$2 million a year, but last year raised only \$300,000 from charitable and philanthropic contributions.

In California the Voice of OC in Orange County began with a \$140,000 grant from the Orange County Employees Association. The intent is to provide an alternative, liberal voice to the conservative political news that dominates the historically Republican Orange County.

Financier Warren Hellman announced his plans to invest \$5 million in an unnamed nonprofit news venture to generate Bay Area stories for media partners. Hellman says that his new nonprofit outlet will rely on paid reporters and editors as well as contributions from 120 students at the University of California-Berkeley Graduate School of Journalism.

For-profits that look like nonprofits. Like the San Diego News Network and the *Chi-Town Daily*, several small online outlets look like nonprofits but may not be. This past July, the *Rocky Mountain Independent (RMI)* emerged and sought subscribers to pay \$4 a month for access to subscriber-only content and chats with the publication's journalists. According to *RMI* staff, the business model is more like ESPN.com than MinnPost, though *RMI* editors have said that they are seeking subsidy.

Several nonprofit news sites are dedicated not to local journalism but to investigative journalism more broadly. Established in 2007, ProPublica investigates misdeeds in government and business, according to the *New York Times*. The capital for the organization comes from a \$10-million-a-year grant pledged by Marion Sandler. The editor-in-chief is Paul Steigler, a, former *Wall Street Journal* managing editor. On the board of ProPublica

a workable business model for the new-media model. For all who thought, "We'll make this money on the Internet," it's just not happening.

NPQ: *What is all of this doing to the quality of investigative journalism?*

MJ: Information is always going to be plentiful. The question is, "What's the quality of the information?" Good journalism, in-depth journalism, sophisticated journalism is expensive. Investigative units cost money. Foreign bureaus cost money. Washington bureaus cost money. Allowing beat reporters and science and health reporters to work and spend time

understanding complex issues costs a lot of money. That kind of journalism was traditionally subsidized by the legacy media that's under such duress now. It's not clear—while nobody thinks there is going to be some kind of information blackout—who's going to pay for the kind of quality journalism that a civil society needs to keep informed.

There are some people—many of them working in the industry—who say, "We have to come up with something to save journalism as we know it." There are others, and they tend to be sort of more new-media advocates, who say, "This is an understandable and important and even necessary economic revolution that

essentially has to happen. Every once in a while, industries—through forces of change—are dramatically reassembled and reorganized. That involves a lot of temporary chaos."

NPQ: *Experimentation that crosses all sectors seems to be going on. Can you briefly characterize where all of that is?*

MJ: We still have a basic market strategy that assumes that the real problem here is simply we've got to be smarter about making people pay for information. There is a sense that some of the advertising chaos that's happened will straighten out too once the economy

are Rebecca Rimel of the Pew Charitable Trusts and Alberto Ibarguén of the Knight Foundation.

Not everyone can land the largesse of the Slanders, however. Investigative West focuses its investigative journalism on the Pacific Northwest and the West (www.invw.org). As with other nonprofit outlets, Investigative West has made an effort to access money through memberships, including its \$30 student memberships and regular memberships at \$60 and its “watchdog club” and “muckraker club” memberships for \$1,000 and \$5,000, respectively.

For-profit and longstanding nonprofit models. No one should mistake nonprofit ownership of news outlets as new, though it is obviously rare in the high-powered world of U.S. mass media. For years, the *St. Petersburg Times* was affiliated with the Poynter Institute, a nonprofit journalism school. The *Times* was owned by a for-profit publishing company, but all the after-tax company earnings support the nonprofit Poynter Institute. In July the for-profit owner—the Times Publishing Company—sold another holding, the *Congressional Quarterly*, to the for-profit *Roll Call*. Along with *Florida Trend* and several community weeklies, the *Times* remains under the control of the Poynter Institute, though the press refers to it as “troubled.”

Similarly, the *Christian Science Monitor* is owned and published by the Christian Science church. Despite 100 years of support, the *Monitor* has had difficulties and dropped its daily print edition in favor of a weekend-only print edition, plus a daily online paper. Similarly, the *Capitol Times* in Madison, Wisconsin, and the *Kentucky Post* serving the Kentucky part of suburban Cincinnati have shifted online as well. Though for-profit, they

share the *Monitor's* challenge of surviving a difficult publishing environment with plummeting subscription and advertising revenues.

Lots of for-profit newspapers have tanked this past year, notably the *Seattle Post-Intelligencer*, the *Rocky Mountain News*, and the *San Francisco Chronicle*. Others such as the Tribune Company (owner of the *Baltimore Sun*, the *Chicago Tribune*, and the *Los Angeles Times*, for example) have filed for bankruptcy.

The future of journalism. Watching his largest city's newspapers sink, Maryland Senator Ben Cardin introduced the Newspaper Revitalization Act, which would allow newspapers under some circumstances to operate as educational nonprofits: advertising and subscription revenue would be tax-exempt and these nonprofit-like newspapers could receive tax-deductible charitable and philanthropic contributions. To qualify, newspapers' “preparation of the material contained in such newspaper follows a methodology generally accepted as educational” and would not be allowed to make political endorsements. Cardin's Senate bill and a companion House version introduced by New York's Carolyn Maloney have each garnered only one cosponsor, which may indicate a lack of congressional and perhaps newspaper industry enthusiasm for the proposal.

Clearly, as things progress, we will see which of these ownership and financing models has legs not just for the sprint but for the longer-distance, difficult-terrain race that U.S. journalism faces.

To read more about this online go to: www.nonprofitquarterly.org/journalism.

To comment on this article, write to us at feedback@npqmag.org. Order reprints from <http://store.nonprofitquarterly.org>, using code 160311.

starts to right itself. Others think there is still an untapped reservoir of revenue in the consumer. They say, “There's got to be a way to make the news consumer pay in a way that's going to sustain journalism.”

Then there are those who advocate for a greater government and policy role in saving the news industry. When you're talking about the public sector, there may not be one concerted effort. There are a lot of thoughts and ideas floating along out there: everything from turning newspapers into public media in the same way that NPR is or that PBS is. There is a lot of talk about changing tax law or even changing bankruptcy law.

You may start to see a series of patchwork, situational government interventions, perhaps based on local pressures, that's going to occur around the country. Or it may be in a completely disconnected way in which a local newspaper goes under and the politician or local officials feel compelled to do something. In Boston, that actually happened recently when the *Bay State Banner*, the city's African-American paper with a long and proud legacy, was about to go under, and it received, I believe, a subsidy from city hall. So, literally, the mayor went in and decided he was going to bail out the newspaper.

NPQ: What about the idea of more fully housing the function of journalism within nonprofits?

MJ: The newspaper as nonprofit entity would allow the news organization to take donations and contributions and would change their tax mandates. We are seeing the rise of some nonprofit operations, the most notable probably being ProPublica, which is essentially an investigative news organization. It's now got, I believe, about 30 editorial staffers. It's run by Paul Steiger, who is the former managing editor of the *Wall Street Journal*. It was founded and funded with the concept that it's really expensive for media to

Journalism Walter V. Robinson and Nonprofit News

by Aaron Lester

The news business is in crisis. Newspapers across the country are in peril. These facts are news to no one.

The *Boston Globe*, for one, has reduced its newsroom staff to 340 from a high of 552 in 2000. The newspaper has also closed all its foreign bureaus and reduced staff coverage of national affairs and other news categories.

As the *Globe* and dozens of newspapers across the country scramble to find a business model that works, the nonprofit solution has gained traction.

Over the past two years, nonprofit news organizations dedicated primarily to investigative journalism have sprouted up in New York, Washington, D.C., San Diego, Minneapolis, and St. Louis. They've also cropped up in states from Iowa and Michigan to Colorado and New Mexico.

Jack Shafer, the media critic for Slate.com, recently wrote that the idea is "spreading like a midsummer algae bloom."

"The nonprofit model, for the time being, is the most viable and attractive option for sustaining watchdog, investigative journalism," says Walter V. Robinson, a Distinguished Professor of Journalism at Northeastern University in Boston and 2003 Pulitzer Prize winner.

Traditionally newspapers and civic-minded nonprofits have worked in concert to create a well-informed, engaged citizenry. In Boston, as in other cities, the kind of watchdog or investigative journalism that keeps the public informed and fosters civic engagement has been hit the hardest.

"The way we've chosen to set up our democracy, requires the public to be engaged in the business of how their lives are managed by government," Robinson says. "Investigative journalism or watchdog reporting by journalists is the best and, very often, the only way people can find out what is going on in their communities."

Most newspapers the size of the *Globe* have cut completely or significantly reduced resources dedicated to investigative reporting. Though the *Globe's* Spotlight Team has remained fully staffed, Robinson says it is the short-term investigative pieces that have suffered recently. "When you lose 200 people, many of them savvy reporters and editors, you lose your ability to be as thorough, as detailed, and as in-depth in your coverage of issues that matter to the community."

do investigative journalism. When ProPublica began, many major papers no longer had their investigative units. So they decided they wanted to establish themselves as an investigative clearinghouse for the media, and they would create this news organization devoted entirely to investigative journalism.

You used to have the basic advertiser-driven model of journalism: advertisers paid for journalism. Yes, sure: subscribers bought newspapers, but as everybody knows, that was always a small portion of the revenue. Most newspapers lived and died with ads. It is a situation that

certainly could create some conflicts of interest. Obviously, the idea that powerful businesspeople in your community or elsewhere were essentially helping fund your newspaper is not ideal. It could and did create conflicts at times—probably more in omission than commission. It wasn't an ideal situation, and everybody in the business probably has horror stories, or at least conspiracy theories, about how that played itself out. But over time, it became accepted wisdom that this was a pretty good way to go.

There are similar concerns with the nonprofit model. Who is funding you, and

who is giving you money? In the advertiser-driven model, the idea that you were collecting a pot of money from advertisers and businesspeople with all sorts of varied interests seemed more benign, perhaps, than collecting money from institutions, donors, charitable institutions that may be doing other work that clearly has a point of view.

In any given situation, you can establish procedures and standards for minimizing the risk of conflict. Newspapers have always set up firewalls separating the editorial product from the publisher. But it's a perception issue. According to survey data, we know people see the mainstream media as biased. There's a lot of public skepticism about the news media, even under the advertising model. You can only imagine the potential problems you would have with a news organization funded by somebody that clearly had a well-known political point of view. It gives critics an additional way to make a public argument against hard-hitting journalism.

One of the other fears is of a news organization that receives charitable giving. An institution that's highly dependent on giving and that doesn't insulate itself from broader economic problems is highly vulnerable from a business point of view. The fortunes of charitable institutions wane and flow with the broader economy, so there can be tough times even under the best of circumstances.

NPQ: *Do you have predictions about the new home for journalism in this country?*

MJ: The only honest answer is, I don't know. It's been fascinating to watch the evolution of this, and I'd say if you asked the question five years ago, people would have said, "OK, we know there is a transition going on to online digital media; that's going to happen. We're getting comfortable with it. We think in 10 years the *New*

York Times might not print or it might be a once-a-week supplement for an elderly elite population, and we're all comfortable with that." In other words, the idea is, well, there will be some natural order of things, and basically journalism as we know it will largely be an online phenomenon and it will happen in 10 years. Then the recession hit. We calculated in our annual report last year that the impact of the recession has doubled the problems that the media industry has had.

Within the past year, that calculus is all gone, and we just don't know what's going to happen. I mean, the frantic pace of ideas and debates and arguments about what is happening and what's going to happen has picked up so dramatically that it's a clear reflection of an industry that just doesn't know what's going to happen next.

Certainly there is going to be a whole series of things tried that will probably work for some and not for others. We've

already seen a tremendous paring down of costs. There will be unprecedented partnerships. There will be some non-profit options. There may be more direct government intervention, and there will be experimentation on the market side. We are going to lose news organizations. We are going to see some well-known news organizations change and evolve so dramatically as to be unrecognizable. There will probably be a major American city without a newspaper in the not-too-distant future. And as a whole, the print product is going to be greatly diminished when we get to the other side of this.

Now, one of the great contradictions is, online journalism is going to work. The cost of production is so much smaller. There's no gas-guzzling truck that has to carry something to your house. There's no big, multimillion-dollar press manned by union workers that's got to crank this stuff out day in and day out. The barriers to publication are so reduced. It's going to

be so much cheaper to provide this kind of information material online. All this is true. But the fact right now is that about 90 percent of all the revenue of news organizations that have both online and print products is coming from the print product, so you can't afford to shut down the *Boston Globe* newspaper and make Boston.com even better, because you'd lose the overwhelming majority of your revenue.

So you can see, many of the preconceptions about how this was going to work have all gone by the boards right now, and it's kind of a "man the lifeboats" kind of situation.

To comment on this article, write to us at feedback@npqmag.org. Order reprints from <http://store.nonprofitquarterly.org>, using code 160312.