

13 Foundations

FOUNDATIONS HAVE TRADITIONALLY BEEN major funders of public TV and radio, both through direct support to stations and by financing individual shows. In 2009, foundations gave \$203,868,960 to public broadcasting.¹

A 2009 study conducted on behalf of Grantmakers in Film + Electronic Media (GFEM) determined that public and private grantmakers collectively contributed an estimated three billion dollars toward the support of media content, infrastructure, and policy in 2008.² But that includes grants to filmmakers, social-networking media, games with a social focus, and scholarly research and writing.³

The amount of foundation spending on local reporting and news has been growing in the last few years, though it still represents only a tiny percentage of foundation spending overall. As noted in Chapter 12, Nonprofit Websites, according to J-Lab, between January 2005 and February 2011, 272 foundations contributed more than \$180

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million⁴ to U.S. news and information projects—less than 0.1 percent of total foundation spending.⁵ And that figure includes many projects that focus on national, not local journalism.⁶ “Some foundations fund only national reporting on subjects of particular interest to their donors or managers—such as health, religion, or government accountability,” Michael Schudson and Len Downie Jr. concluded in a report for the Co-

lumbia School of Journalism. “Grants for local news reporting are much smaller and usually not high priorities for foundations, many of which do not make any grants for journalism.”⁷

Still, the increased focus on this topic by foundations is an important development. Many of the most promising nonprofit startups have foundation support. Among those that have financed journalism projects are the John S. and James L. Knight Foundation, Carnegie Corporation of New York, Gates Foundation, Atlantic Philanthropies, MacArthur Foundation, Ford Foundation, Open Society Institute, McCormick Foundation, Ethics and Excellence in Journalism Foundation, Omidyar Network, Skoll Foundation, Belo Foundation, Scripps Howard Foundation, Hewlett Foundation, William Penn Foundation, California Endowment, Annenberg Foundation, Irvine Foundation, Pew Foundation, Kaiser Family Foundation, Arca Foundation, Herblock Foundation, Annie Casey Foundation, Benton Foundation, and Rockefeller Foundation.⁸

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The Knight Foundation, whose money principally came from the Knight family that built the Knight-Ridder newspaper chain, has funded 200 different community news projects, often providing⁹ small grants to “innovative ideas for using digital media to deliver news and information to geographically defined communities.”¹⁰ Knight leaders have said that they believe they are funding only a small fraction of what

needs to be funded. The Knight News Challenge, for instance, has received 10,000 applications—and funded about 100.¹¹ When the Grantmakers in Film + Electronic Media asked, “Do you consider the amount/proportion of resources your organization devotes to media to be sufficient?” one executive responded, “The magnitude of the challenge—the ‘creative destruction’ of the media ecosystem brought about by the digital age—is much greater than anything one foundation can cope with. The 10,000 traditional newspaper reporters recently unemployed, for example, represents something along the order of magnitude of between \$300 million and \$400 million worth of lost journalism each year in the U.S. alone.”¹²

Foundation leaders are also the first to point out that they provide seed money and hope not to provide ongoing operational support. Though this sounds sensible—all foundations should aspire toward creating self-sufficient organizations—it creates a problem for local news start-ups. Public broadcasting can combine project-by-project

grants from foundations with a baseline of operational funding from the Corporation for Public Broadcasting, but local news websites do not have that option.

One possible source of funding for local news and journalism projects is local “community foundations,” sometimes known as “placed-based” foundations because their focus on a particular geographical locale. With combined assets of \$31 billion, the 650 local community foundations in the U.S. make grants of approximately \$2.6 billion annually.¹³ In 2008, in an effort to stimulate more activity, the Knight Foundation created the Knight Community Information Challenge, a five-year initiative that gives matching grants to local foundations that finance journalism projects. “The flow of local news is as important as the flow of jobs, or the flow of traffic, or electricity,” Alberto Ibarguen, the Knight Foundation’s CEO, told a group of local foundation leaders. “It is a resource essential to a properly functioning community—a resource we can no longer take for granted.”¹⁴

Four years ago, after extensive consultation with local leaders, the Community Foundation for Greater New Haven (one of the nation’s oldest and largest community foundations) reorganized to allow for greater flexibility in the hope of spurring innovation. Subsequently, it gave the *New Haven Independent* news site a two-year, \$21,600 grant. After the site showed initial results, the foundation followed up with more funding, enabling the staff of three full-time and two part-time journalists (plus a number of stringers) to further develop and sustain the site.¹⁵

As J-Lab’s Jan Shaffer points out, given the relatively low costs for digital media start-ups, a small amount of money can go a long way. NewCastleNOW.org, Westchester New York’s News and Opinion Weekly, serves as an example of the big impact a relatively small grant can have. Three longtime community volunteers, all empty-nesters with experience in local government affairs, founded the site with a \$17,000 grant from J-Lab. NewCastleNOW.org covers issues in New Castle and the surrounding Westchester County communities, and now attracts a wide array of community funding, including advertising revenue.¹⁶

One cautionary note: local foundations often get their money from companies and influential individuals in the area. Some may not want the foundations associated with controversy. And what happens when the local journalism efforts investigate some of the institutions affiliated with donors or their friends? As the publisher of one local online news start-up put it, “Community foundations don’t get money from poor folks. Investigative reporting puts the community foundation in great jeopardy if news stories offend donors.”¹⁷

Community foundations appear to be increasing their commitment to local news. Of 154 foundations that responded to a recent Knight Foundation survey (out of an estimated 700 nationwide), 46 percent said that their funding of information and media projects has increased over the past three years, and 59 percent said that they expect their funding of these projects to continue to increase.¹⁸

However, it is important to note that the local foundations were *not* giving the lion’s share of their funds to efforts to develop “credible professional news sources,” such as investigative reporting and hyperlocal news. Only 33 percent reported giving in this area, while 73 percent gave instead to campaigns to create awareness about community issues (e.g., the need to reform local education policy); 50 percent funded platforms for civic engagement and action (e.g., online social-networking sites aimed at engaging young people in a region); 31 percent funded efforts to share news and information, such as citizen-journalist blogs and virtual town squares; and 35 percent aided digital and media literacy training programs.¹⁹

46 percent of community foundations said they have increased their funding for media projects. So far, though, a minority of the money goes to developing “credible professional news sources.”