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## Newspaper Cuts Are a Threat to Charities' Accountability

By Pablo Eisenberg

The sharp reduction in reporters and editors at the nation's major newspapers and the resulting decline in quality journalism over the past few years pose a major threat to the continued accountability of the nonprofit world.

As Charles Lewis, founder of the Center for Public Integrity, a nonprofit Washington journalism organization, declares: "Never in our lifetimes has there arguably been a greater public need for independent, high-quality journalism in the United States."

The reason that this is worrisome for nonprofit groups, donors, and citizens who depend on charitable institutions is that for the last decade newspapers have been the only major force in holding nonprofit organizations and foundations publicly accountable. Broadcasters and online journalists have made important contributions, but nothing like the powerful effect of the investigative articles that have appeared in newspapers.

The financial woes that have caused the decline of print journalism suggest that the best option would be for more newspapers to go a step beyond covering nonprofit organizations and themselves become tax-exempt organizations. That would allow profits of newspapers to be plowed back into the nation's newsrooms, and the result, one would hope, would be a better-informed citizenry.

Philanthropists would be wise to recognize how vital newspapers are in helping them accomplish their charitable missions — by making sure Americans understand the key issues involved in the domestic and foreign affairs that grant makers hope to influence. Donors also benefit from the role journalists play in making sure that nonprofit institutions do not squander public or private resources.

Some of the scrutiny of foundations has been painful for grant makers. Newspapers like *The Boston Globe*, *The New York Times*, and the *San Jose Mercury News* blew the lid on malfeasance, self-dealing, inappropriate expenditures, and conflicts of interest of many prominent foundations. And the investigative work of the *Los Angeles Times* uncovered the questionable practices of the chief executive of the Getty Trust, and the newspaper's reporting helped lead to his resignation.

Other coverage of nonprofit organizations has been equally outstanding.

The exposés published by *The Sun*, in Baltimore, and *The Oregonian*, in Portland, and many other daily newspapers have shone a harsh light on the inappropriate behavior of numerous nonprofit organizations, including problems of excessive compensation and misuse of federal money.

And in a series of dazzling investigative reports, *The Washington Post* uncovered unseemly activities at the Nature Conservancy, the Smithsonian Institution, and the United Way that serves the nation's capital, exposés that have led to significant changes in the operations of those organizations.

By contrast, the Internal Revenue Service has had neither the resources nor the inclination to oversee nonprofit groups in a vigorous manner, and the state attorneys general have not received sufficient budgets to be effective overseers of charitable organizations. Trade associations that represent grant makers and charities, such as the Council on Foundations and Independent Sector, continue to wear rose-colored glasses, seeing only a handful of miscreants among their constituents.

"Only a few rotten apples in the barrel," they tend to say when asked about evidence of widespread abuses. Counter to the experience of the past 50 years, they persist in shouting their shibboleth to all who will hear them that the path to righteousness is through self-regulation. So we have little to fall back on except newspapers.

What is particularly impressive about the newspapers' efforts to cover the nonprofit world is the impact they have had on policy makers at all levels of government. They have inspired investigative hearings by the Senate Finance Committee and, to a lesser degree, the House Ways and Means Committee, changes in state and local legislative and regulatory measures, a sharper focus by policy makers on the practices of nonprofit hospitals, and pressure on the IRS and state regulators to tighten their oversight and enforcement efforts.

Moreover, newspaper investigative efforts have made nonprofit groups of all stripes realize somebody is watching their policies, programs, compensation practices, and board activities. While it is difficult to measure, this deterrence of invidious nonprofit operations has made a real difference, causing institutional changes in behavior.

To understand why such serious investigative reports are in peril, one need only to look at the numbers. Newsroom staffs at daily newspapers lost 3,000 people from 2000 to 2005, according to "The State of the News Media 2007," issued by the Project for Excellence in Journalism, a Washington nonprofit group.

The report estimates that another 1,000 were probably cut in 2006 and predicts additional cuts throughout 2007. Weekly newsmagazines faced similar reductions. The largest metropolitan dailies were the hardest hit, and, as a result, some of the most influential and highest-quality news organizations are suffering the most.

In 2006, *The Boston Globe* and *The Sun* closed their foreign bureaus, while the respected Knight-Ridder chain went out of business.

The buyouts and layoffs of newsroom personnel were notable at some of the largest papers. *The Dallas Morning News* reduced the size of its newsroom from 575 in 2004 to fewer than 400 in 2007.

One-sixth of the newsroom staff of *The Philadelphia Inquirer* was cut in 2007, while *The Plain Dealer*, in Cleveland, reduced its newsroom staff by 17 percent. The *St. Paul Pioneer Press* lost 21 people, and the *Akron Beacon Journal* cut 40 of its 160 newsroom staff. And papers such as *The Hartford Courant*, *The Columbus Dispatch*, *The Atlanta Journal-Constitution*, and *The Ann Arbor News* announced plans to shrink their reportorial and editorial staffs.

The buyouts have stripped many newspapers of some of their most capable and experienced reporters and editors. The reductions are also becoming a disincentive to investigative journalism; under pressure to cover a lot of news with fewer staff members, newspapers are not giving their reporters the time and resources required for sustained investigative work.

The future toll on quality nonprofit coverage is likely to be substantial.

As the Project for Excellence in Journalism recently stated, "The press is no longer gatekeeper over what the public knows."

Declining newspaper circulation, the increase in online journalism, and lower advertising revenue have placed growing pressure on papers to retrench, to cut costs rather than invest for the future. Though still earning pretax profits of 10 percent to 20 percent, many newspapers have found that this is not adequate to satisfy Wall Street investors who regard print journalism not as an instrument to better inform the public and fulfill a broad social purpose, but, simply, as a business to make money.

This was not always the case. In the early days of journalism, ownership of newspapers was almost entirely vested in local owners.

Then some of them created newspaper chains that, after a while, went public so they could grow, expand their staffs, buy more newspapers, and create economies of scale. For a while, these public media corporations managed to withstand the pressures of Wall Street.

Unfortunately, they gradually caved in to the demands of investors. The Project for Excellence in Journalism puts it succinctly: "The argument that journalism was more than a business, that it had some larger public-interest obligation, began to fade. What could not be justified financially, quite simply, could no longer be justified. The media business felt it could no longer afford it."

The public corporation, it seems, can no longer serve as the guardian of journalistic integrity.

So what's left?

A reversion to local private ownership might be a positive development were the new owners more than just investors, people who believe in the important role of newspapers as providers of comprehensive news to the public and watchdogs of our civil society.

There are not likely to be many news-media visionaries and risk takers today who could once again ensure the integrity and greatness of our papers, people like Adolph Ochs, Joseph Pulitzer, Otis Chandler, George Barry Bingham, and Ted Turner. Then again, there is the danger that some new private owners might not reflect the high standards of these stalwarts but, rather, resemble the likes of Rupert Murdoch and Wendy McCaw, owner of the *Santa Barbara News-Press*, entrepreneurs with questionable motives and journalistic practices.

Nonprofit ownership may afford an attractive option.

The *St. Petersburg Times*, a respected for-profit paper, is owned by the nonprofit Poynter Institute school of journalism, providing some insurance against the harsh demands of Wall Street. *The Christian Science Monitor*, the *New Hampshire Union Leader*, the *Delaware State News*, and a few others, as well as the Associated Press, have successfully operated as nonprofit enterprises. Some of those organizations, however, have experienced financial pressures because they have not always been able to garner the financial resources they need.

Nonprofit journalism is an opportunity for today's super-wealthy philanthropists to make a significant contribution to the health of our democratic society. Why shouldn't Warren Buffett, Bill Gates, Charles Feeney, Peter Lewis, Herb and Marion Sandler, George Soros, Alice Walton, or other major donors buy and stabilize the most important but financially strapped newspapers, thereby ensuring their continuity as quality news gatherers and watchdogs of the public interest?

A strong, healthy *Philadelphia Inquirer*, *Hartford Courant*, or *Atlanta Journal-Constitution* with an ample endowment to cushion the shocks of hard times would be a boon to American democracy. While the nonprofit newspapers would continue to make a profit, they would no longer be forced to sacrifice reporters and editors to the pandering of rapacious investors.

The mega-rich individually have poured hundreds of millions of dollars into arts institutions, universities and colleges, and health facilities. While those contributions have been important, few, if any, could have as significant an impact on our society, including the nonprofit world, as large donations to assure the integrity of newspapers. These rich donors should not forget that democracy only works when citizens are fully informed about the major issues that affect the United States and the rest of the world.

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