

PHILANTHROPY

THE PHILANTHROPY 400

Chasing the New Donor

Who wins and who loses
when philanthropy
becomes investing



\$1 BILLION GOAL

Unicef CEO wins big with idea lab and deft leadership 28

THE TRUMP RESISTANCE

Foundation chiefs speak out 32

A DIGITAL AWAKENING

Nonprofits turn to crowdfunding 36

“What are you going to stand for, and what are you going to fight for?” Page 35

WRITER'S NOTEBOOK: BEHIND THE STORY Page 28

Before interviewing Unicef USA chief executive Caryl Stern for this month's issue, I knew her as the nonprofit executive who in 2012 exchanged **Twitter barbs** with Donald Trump before such salvos from the White House became routine. (Mr. Trump erroneously tweeted that Ms. Stern drove a Rolls-Royce — it's a 2007 Prius — and earned more than \$1 million — twice her salary.)

“We are **not Democrat or Republican**. The only side we're on is the side of a child. I'll say that mantra 20 times if I need to,” Ms. Stern told me when I asked about the impact of the 2016 election on her organization. She says an “education process,” always required with new leaders in Washington, is underway.

Deft navigation of difficult subjects is characteristic of Ms. Stern, a **brilliant communicator** who has used her personal biography — the daughter of a Jewish World War II refugee placed on a boat at the age of 6 — and the stories of the children she meets around the world to **raise half a billion dollars** annually.

Ms. Stern is also an assiduous, decades-long student of **organizational**

structure and management style, writing and teaching classes on the subject. Perhaps it helps explain how, at age 28, she was made a university dean, one of many things that leaps out in her long resume.

As a child growing up in New York, Ms. Stern told me, she would occasionally ask her mother **how the Holocaust was possible**. “She told me at the time that people would say that they didn't know what was going on. Well, that is what's happening today, and we do know what's going on,” Ms. Stern said of the refugee crisis.

Her travel schedule takes her to **refugee camps and rural villages** ravaged by hunger and disease. Still, for all the suffering she has witnessed, Ms. Stern says, she has learned that **children are children no matter what** the setting.

She recalled meeting with a group of 12-year-old girls in a camp in Darfur.

“I thought we were going to talk about the horror they had seen before they came to the camp, but they heard I had a son who was their age, and they wanted to **talk about boys**. That's what 12-year-old girls want to talk about.”

— MEGAN O'NEIL

GIVING

- 6 **The Face of Philanthropy:** Two foundations are supporting a Dutch nonprofit that trains rats to sniff out TB.
- 54 **On the Rise:** The son of Pakistani immigrants aims to build the next generation of Muslim American donors.



LEADING

- 49 **Boards:** How to find socioeconomically diverse trustees.
- 50 **Careers:** 8 ways to nurture high-potential employees.
- 53 **People:** New leaders at the Brookings Institution, Muscular Dystrophy Association, NAACP, Susan G. Komen, and more.

FUNDRAISING

- 52 **Research:** Why giving days may favor big-name charities.

OPINION

- 41 **William F. Meehan III and Kim Starkey Jonker** on the steps nonprofits, foundations, boards, and everyday donors must take so that charities can serve the growing needs of society.



- 44 **Josh Wilson** says foundations should focus more of their journalism grants on serving the public interest and not so much helping the news industry fix its financial woes.
- 46 **Suzanne Garment and Leslie Lenkowsky** on the dangers of nonprofits looking too self-interested in their lobbying on tax-code changes.

A GUIDE TO MANAGING NONPROFITS

- 55 **Information** from companies and organizations that provide help with all aspects of leading nonprofits.

CORRECTIONS

- Articles on *The Chronicle's* How America Gives study (October) misidentified Susan Raymond. She remains a consultant and general counsel with Changing Our World, and she is chief operating officer at Edmundite Missions Enterprises.
- A piece on philanthropy in New Orleans (October) incorrectly said that about a third of the \$4.9 million raised on the city's May giving day came from gifts of \$10. The “third” should have referred to the number of gifts, not the amount given.
- An article about Prudential's grant making (October) said the company had set a goal for 2020 to invest \$1 billion in impact investments instead of to build a \$1 billion portfolio of impact investments.



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LATEST RESOURCES

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- **Jeffersonian dinners:** Engage new supporters and get beyond idle chitchat, pulling them deeper into the mission and asking for their ideas — but not their money
- To **tap into corporate money**, find employees to champion your cause
- Tips for running a **crowdfunding drive**



Fixing Journalism's Ability to Promote Civic Good Should Be the Focus of Philanthropic Giving

FOR MORE than a decade, with the news industry under deepening financial strain, grant makers have invested millions in technology, innovation, and business-model experiments, eager to harness the restless vigor and highly profitable Silicon Valley start-up ethos on behalf of our struggling free press.

Yet today, the post-election spike in newspaper subscriptions notwithstanding, critical indicators of journalism's public-interest mission are in retreat. News deserts, "fake news" and highly profitable partisan media are proliferating, while legacy news media's twin-horned crisis of trust and sustainability only deepens. Nor are we making much progress in replacing almost 240,000 newspaper jobs that disappeared from 2001 to 2016, according to the Bureau of Labor Statistics.

Perhaps it's time for some existential questions. Is it actually the business of philanthropy to try to save the news industry? Shouldn't we be focused instead on saving journalism as a public-interest practice — and as charitable work?

The commercial press has, after all, significant gaps in covering certain types of stories considered not of great enough interest to paying subscribers and advertisers — stories on poverty, labor, and institutionalized racism, for example. Topics like these often remain neglected until a hashtagged social movement such as #BlackLivesMatter makes them impossible to ignore.

CONSIDER Ferguson, Mo., a small, southern town (population 20,000) famous for the race riots that erupted there after the August 2014 killing of Michael Brown by a local police officer. Sixty percent black and with almost one in four residents living below the poverty line, Ferguson is a news desert that but for its historic import would remain persistently underserved by news media, like thousands of other similar communities.

During and after the riots, a deluge of news coverage washed over Ferguson like a hundred-year flood, though the town itself has no daily paper, no hyperlocal news blog, no community radio station or local cable-access TV station. The local Patch bureau, an online site that specialized in neighborhood news, was closed in 2014 and its archives taken offline when AOL sold most of the company.

Before Mr. Brown's death, a regional alt-weekly's coverage of Ferguson was limited mostly to the local food and microbrewing scene. And the *St. Louis Post-Dispatch*, a Pulitzer Prize-winning metro daily, faces an enormous challenge in reporting on the sprawling St. Louis suburbs that comprise 90 municipalities.

The problem is one of scale and complexity, said Matt Carlson, an associate professor of communication at St. Louis University. "We have a large metro area filled with scores and scores of towns like Ferguson, with their own police, city councils, and schools," he wrote in an email. "This creates a nightmare scenario for our local media.

By **JOSH WILSON**

Public-radio producer

With citizens of Ferguson representing only one of 140 residents of the total metropolitan area, he said, "what happens is that the in-depth stories in these places go untold, except when they boil over into larger stories."

Mr. Carlson suggests this is not a problem with the news industry so much as an issue with how local government is organized. And indeed, regionwide municipal consolidation is a perennial topic in local politics and news media.

Yet the constraints of the business model are sharp enough that even the traditional black press in the region is affected. Of the three weekly Afri-

10,000 people, compared with 6.11 sources per 10,000 of their white-collar neighbors in nearby Morristown.

Let's call this what it is: information inequity. It's not just unequal in terms of access; it's a form of civic neglect, tantamount to structural disenfranchisement, an unfair and unjust distribution of resources. Despair, unrest, and the politics of anger and division flourish in such conditions, creating room for the sort of extreme, embittered partisanship and demagoguery we're seeing now in the United States.

It's not just lower-income and multiracial communities that get shortchanged in the newsroom. The cherry on the cake of this civic-media disaster



The central issue with public-interest journalism isn't its business model. It simply requires subsidy.

can-American-owned newspapers in the St. Louis metropolitan area, only one, the *St. Louis American*, is still in operation. Its managing editor, Chris King, said shrinking ad markets and limited newsroom capacity have limited the focus to the paper's core constituency in central St. Louis.

"We have the same problems that everyone else has," he said in an interview. "We don't have adequate staff to do what we're trying to do. We have to pass on a lot of stories that we don't have the capacity to cover in depth. ... It was a struggle to report on North County before Ferguson blew up."

IT SEEMS like promising terrain for a news nonprofit, and a great opportunity to fill the gaps in the commercial media's coverage of public-interest news.

Yet eight months before Mr. Brown's death, the award-winning, nonprofit, digital-only St. Louis Beacon was absorbed by St. Louis Public Radio. That was a boon for the radio station's newsroom, and the move was lauded as a model for public-radio partnerships with local news nonprofits. Today, however, the Beacon's brand has largely dissolved, and no successor nonprofit has emerged.

The bottom line appears to be that no one, commercial or nonprofit, wants to pay for public-interest news coverage or to build journalistic organizations that can serve low-income and marginalized communities.

Back East, in New Jersey, researchers at Rutgers University provided a glimpse of what this looks like, statistically, in a 2015 survey that correlated average income in a community with the number of news sources available to residents. They found that working-class residents of Newark had access to just 0.55 news sources per

was the announcement last year that the International Consortium of Investigative Journalists, which produced the bombshell Panama Papers investigation earlier that year, was threatened with insolvency resulting from a lack of financial support.

THE FIELD of philanthropy seems to be acknowledging the hard reality: that maybe the central issue isn't the business model but rather the inconvenient truth that some kinds of public-interest journalism simply require subsidy.

One hopeful sign of change is the MacArthur Foundation's five-year, \$25 million program offering general operating support to several major nonprofit news organizations. Among them was the consortium that produced the Panama Papers investigation. The new Report for America joint venture, with backing from Google, the Knight Foundation, and others, addresses directly a key problem facing communities underserved by news sources. The program intends to put 1,000 young reporters in local newsrooms across the United States, providing half of each reporter's salary as an incentive for local donors, grant makers, and companies to step in to help journalism outlets in their regions.

The news nonprofit ProPublica, started with a visionary gift from the Sandler Foundation, is planning a new program to build local-newsroom capacity and an investigative-news network by embedding reporters in six small news outlets nationwide. Knight, the Democracy Fund, and others hope to encourage individual donors by expanding the NewsMatch matching-gift program to \$3 million. These funders also support the News Revenue Hub, which provides business-consulta-

tion services for nonprofit newsrooms seeking to build sustainable streams of income.

Considering the blithe and blue-sky tech evangelism that has guided much journalism philanthropy so far, these are deeply quotidian investments. Funders are putting their money down to improve journalistic practice, productive capacity, impacts, operations, and network-building, and to provide incentives for public support of journalism practice.

This alternative approach is flourishing in New Jersey, far from the innovation hotbeds of Silicon Valley. The Geraldine R. Dodge Foundation is pursuing some of the most progressive journalism grant making in the field through its support for the Center for Cooperative Media at Montclair State University, and for News Voices, a project of the nonprofit media-reform advocacy group Free Press, which aims to increase community engagement to strengthen local journalism.

Investments like these are truly innovative, because they aren't about propping up old newsroom business models that use technology to compete for audience attention. Instead, these grants focus on building networks, by connecting newsrooms with each other, and with audiences.

STILL, projects like these may not make a difference for towns like Ferguson or Newark, where there has been no serious investment in local nonprofit journalism. Philanthropic support is needed to develop news-media outlets that serve the public interest in America's neglected communities.

Christopher J. Daggett, president of the Dodge Foundation, made this point in an op-ed in *The New York Times* in December. In it, he called for a diversion of proceeds from FCC television-spectrum auctions to provide up to \$6 billion for the creation of "a 21st-century infrastructure for public-interest media."

In June, thanks to advocacy by Free Press, a Dodge grantee, state legislators in New Jersey introduced a bill to support new public-media projects by allocating \$100 million from the \$330 million received from state spectrum auctions. The bill never made it to the governor's desk, and the spectrum auction produced just \$10 million for local public media, with the remaining \$322 million going to the state's general fund.

This is a disappointing, but not surprising, setback for a bold vision for financing public-interest media. It only underscores the scale of the problem, and the urgency of finding real solutions that serve the information needs of our democracy's most neglected communities.

Journalism's mission is manifested in its daily practice, on the ground and in the public interest. Building trust demands that journalists show up every day and do the work and the listening required to represent the interests of the communities they aim to serve. Mission-driven nonprofit news bureaus, independent producers, and journalism students are all in a good position to do this, but they need broad and sustained capitalization.

Arts philanthropy offers additional models for supporting journalism. Think of how art patrons

finance the commissioning, collaboration, curation, and presentation of new works, and how regional and municipal grant-making networks are established to support cultural organizations.

Beyond even innovative philanthropy is the simple fact that general-operating support, of the sort provided by MacArthur to news nonprofits such as ProPublica and the Center for Public Integrity, is game changing for any news producer working in the public interest.

Unaffiliated journalists and independent news bureaus in every metropolitan area and neglected rural hinterland need these kinds of networking and financial resources right now. A sizable sustained investment could have as significant and lasting an impact on civil society as the 2,509 libraries around the United States that were financed by Andrew Carnegie.

At a time of reckoning for our democracy, history demands more of us than technological innovation, content marketing, and a diversified revenue model. We have seen time and again, in commercial and nonprofit news bureaus alike, how this produces a form of "trickle-down journalism" that all too often fails to serve those most in need.

Without wider philanthropic buy-in for public-interest news reporting as essentially charitable work, the loss of trust and the degradation of value in the free press will only continue. Can our democracy, and our hopes for the future, truly afford any more of this? ■

Josh Wilson is digital editor at KALW, a San Francisco Bay Area public-radio station.



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