

Carnegie-Knight Initiative Issues Statement from Journalism School Deans about Nonprofit Status for News Organizations

As deans of some of the country's leading journalism schools, we see our mission as being not just to educate the next generation of leaders in our profession, but also to be advocates for journalism. Our special concern is with accountability journalism, based on original reporting, which makes the public aware of what the powerful entities in society are doing and helps hold them accountable to the public. This kind of journalism is crucial to the healthy function of communities, and more broadly to democracy.

During the past few years, we have become increasingly alarmed over the steep decline in accountability journalism, especially in local and regional journalism. The main cause of the decline has been the diminution in the reportorial resources of newspapers, which historically have borne the lion's share of reporting in American communities. It was a happy accident that the market used to support a public purpose like accountability journalism. That situation is unlikely to recur soon. It is time to face what to many Americans, including journalists, is a hard truth: accountability journalism, a vital public good, cannot thrive without a measure of explicit support.

We plan to offer a series of periodic proposals that we believe could help rectify the situation. We will begin by suggesting that the Internal Revenue Service look more favorably and act more quickly on nonprofit news organizations' applications for tax-exempt status.

The world of local online journalism has not yet developed a profitable business model, but it is almost miraculously good at giving journalists the ability to publish at low cost and at giving the public access to far more information than was ever available before. The days of one major news organization in each community controlling the production of journalism and its flow to the public are over. Newspapers are unlikely to return to their former size and profitability. Though financially strapped newspapers continue to generate some superb journalism, right now, incubating and supporting nonprofit online news sites is one critical strategy to provide accountability journalism that can fill the local news information gap.

The IRS's problem with granting nonprofit status to news sites seems to be in antiquated rules that equate all "journalism" with "commercial journalism" and do not recognize that the many approvals for nonprofit media they already have granted fall into this category. In one instance, the IRS offered one of the most admirable online startups, the Investigative News Network, nonprofit status if it would remove the word "journalism" from its statement of purpose. And other news nonprofits have

been waiting more than two years for adjudication of their applications for nonprofit status—which means that the potential donors who would support them are waiting, too, before making their gifts.

There are a number of large realms in American society where some entities are nonprofit and some are for-profit. Our own realm, education, is one. Hospitals are another. To our mind the test of whether an organization deserves nonprofit status is simple: whether it is engaged primarily in educational activities that provide a community benefit, as opposed to advancing private interests. By that clear standard, the journalism the new online accountability news organizations do—which is not undertaken to make money in the marketplace, and likely never will—is obviously different from the more commercial forms of journalism, and deserves to be granted nonprofit status. It's the journalistic mission of the organization that should make the difference here.

A blue-ribbon group assembled by the Council on Foundations and the Knight Foundation has issued an important new report, [The IRS and Nonprofit Media: Toward Creating a More Informed Public](#), analyzing the problem and offering concrete suggestions for how the IRS could modernize its approach. We endorse those recommendations.

We will continue to make suggestions that we believe would strengthen journalism and democracy in this moment of great challenge and opportunity. For now, we urge the IRS to decide firmly that news organizations engaged exclusively in accountability journalism can speedily be granted nonprofit status if they apply for it.

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