

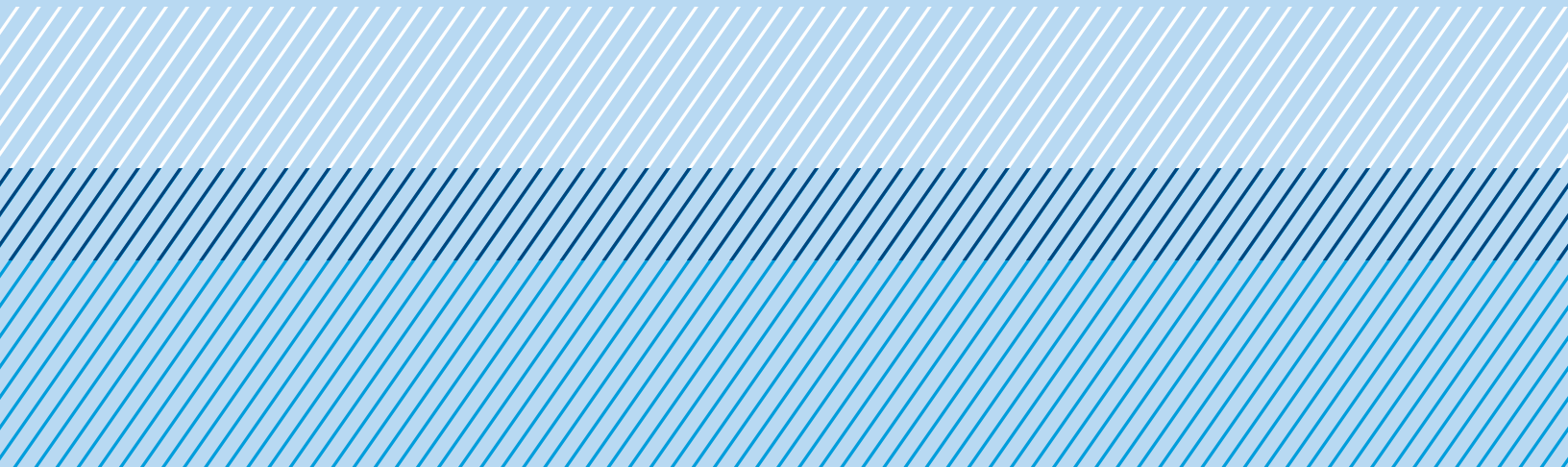


# **NJ Spotlight:** **Building Transparency** **and Improving State Policy Debates**

February 2013

Prepared by FSG and Network Impact  
for the John S. and James L. Knight Foundation





This work is licensed under the Creative Commons Attribution 3.0 United States License.  
To view a copy of this license, visit <http://creativecommons.org/licenses/by/3.0/us/> or send a letter to Creative Commons, 444 Castro Street, Suite 900, Mountain View, California, 94041, USA.

## NJ Spotlight: Building Transparency and Improving State Policy Debates



Since 2009, the Community Foundation of New Jersey (CFNJ) has helped support the online news site NJ Spotlight. Like many states, New Jersey faced declines in the coverage of state policy issues, leaving lawmakers and voters with limited information to inform debates or develop quality legislation. By funding NJ Spotlight, CFNJ hoped to preserve the media’s watchdog role in the state, foster accountable government and ensure informed decisions on issues the foundation cared about, such as education, the environment and health care. In two years, NJ Spotlight has established itself as a critical information source for policy makers and an important community voice in discussions about teacher tenure reform, wind farm development and other hot-button issues. NJ Spotlight is one venture in a broader, national trend of nonprofit media outlets providing quality news and reporting on local issues.

### New Jersey Community Foundation

**Established:** 1979

**Location:** Morristown, NJ

**Asset size:** \$217 million

**Staff:** 9

**Mission:** Connect donors to organizations, issues and communities important to them over time, and provide ongoing leadership on issues critical to the health of New Jersey.

## Decline in State-Level Media

Much of the country has seen a decline in investigative reporting and local news coverage. As a recent FCC report highlights, from 2003 to 2010, the membership of Investigative Reporters and Editors (IRE) shrank more than 25 percent from 5,391 to 4,000.<sup>1</sup> New Jersey has suffered similar changes in reporting. The Star Ledger, the primary statewide newspaper, offered buyouts to 151 reporters (40 percent of the newsroom) in 2008 and reduced its coverage of state Legislature events and in-depth features on policy issues, such as education and the environment. In 2011, Gov. Chris Christie cut government funding for public television and radio. As a result, the New Jersey Network (NJN) TV station (a PBS member) dissolved in June 2011 and was replaced with a scaled back version, NJTV. NJN's nine public radio stations were also sold to New York Public Radio (WNYC) and Philadelphia (WHYY).<sup>2</sup>

These changes meant many New Jersey residents turned to The New York Times and The Philadelphia Inquirer for regional and national news, but had no clear options for in-depth coverage of New Jersey-specific state policy issues. "New Jersey became a state without a means of public discussion," explained former



state Assembly and Senate member Gordon MacInnes. "There used to be county papers everywhere, most with bureaus at the state house. Interested citizens could turn to their local paper to know what was happening in the Legislature, but that's no longer the case."

## An Information Strategy Emerges

The Community Foundation of New Jersey clearly saw the problems of government accountability and community discussion that the state's shrinking reporting would lead to. As then-foundation board member Ingrid Reed explained,

*"Communities did not have access to information that would help them understand the problems they were facing and the solutions they might craft. [We] needed some way for people to understand what was happening in Trenton [the state capital] and connect that to issues that affected their lives."*

The foundation was particularly concerned that declines in media coverage were happening at a time of intense public debate; recently elected Gov. Christie was proposing aggressive fiscal, educational and social reforms amid heavy controversy.<sup>3</sup> A credible information source to promote transparency and support fact-based discussions was needed more than ever.

In January of 2009, the foundation began conversations with two veteran Star Ledger reporters, John Mooney and Dusty McNichol, who had accepted buyout deals during the paper's restructuring. Both men had spent more than two decades in New Jersey journalism and had sizeable followings. The two proposed to start a

<sup>1</sup> Waldman, Steven. "The information needs of communities," FCC, July 2011.

<sup>2</sup> NJN was a member of PBS for television and NPR for radio, broadcasting NPR programming as well as producing its own programming, mostly focused on New Jersey issues. NJN's TV network, which had studios in Trenton and Newark, covered all of New Jersey, plus parts of Pennsylvania, New York, Connecticut and Delaware.

<sup>3</sup> In 2011, a New Jersey Superior Court judge ruled that Gov. Chris Christie's nearly \$1 billion in education cuts left the state unable to meet its obligations to more than one million children, violating the state's school funding formula.

new online news service, NJ Spotlight, to provide in-depth reporting and to host in-person discussions and panels focused on state-level policy.

CFNJ ultimately established a partnership with NJ Spotlight, becoming the site's most significant funder and serving as a partner in its start-up and development. The foundation's active engagement with NJ Spotlight marked a shift in its work, moving beyond managing donor-advised funds directed toward education, health and social issues to informing community conversations about key issues. As CFNJ President Hans Dekker observed, "We didn't make an arms-length grant. We had a real shared sense of ownership over the project." CFNJ – and Dekker in particular – pushed the NJ Spotlight team to come up with a business plan, and provided funding for a planning process before underwriting the site launch.

## Building an Audience

NJ Spotlight launched in May 2010, with an initial focus on education, energy and environmental issues. The site grew to include daily and weekly email digests, voter guides, school report cards, policy "explainer" pieces and opinion articles from guest contributors. To engage policy makers and advocates offline, NJ Spotlight launched a series of in-person roundtables, hosted on issues such as solar energy and charter schools. The roundtables enlisted well-known panelists to represent different sides of the issues, and were moderated by neutral reporters.

As the site grew, the Knight Foundation's Community Information Challenge, the William Penn Foundation, the Geraldine R. Dodge Foundation and J-Lab provided additional funding. Publisher Kevin Harold also started developing the site's earned revenue streams, contacting corporate sponsors and advertisers.

NJ Spotlight has steadily built an audience for its content. In 2012, NJ Spotlight consistently averaged more than 50,000 monthly visits. It also has 4,000 subscribers to its daily and weekly digests.

NJ Spotlight aligned with the foundation's goals and had elements that positioned it well to inform smart discussion about community issues:

- A focus on state-level *policy* coverage, rather than general news (e.g. sports, crime, politics).
- A clearly defined *target audience* – policy makers, government officials, community leaders, advocacy groups and interested citizens.
- A plan for *organizational sustainability*, which included generating revenue through in-person events, corporate sponsorships, and advertising.
- Well-respected professional reporters with expertise and strong reputations.

### Distributors of NJ Spotlight Content

#### TV

- WNYC (\$6,000/month)
- WHYY (\$1,600/month)
- NJ Television (no formal or paid agreement)
- Caucus NJ & Capitol Report (formal agreement, not paid)

#### Radio

- WNYC (no formal agreement)
- NY & NJ Public Radio (\$6,000/month)
- WHYY Public Radio (\$1,200/month)
- WBGO Radio (no formal or paid agreement)

#### Print/Online News

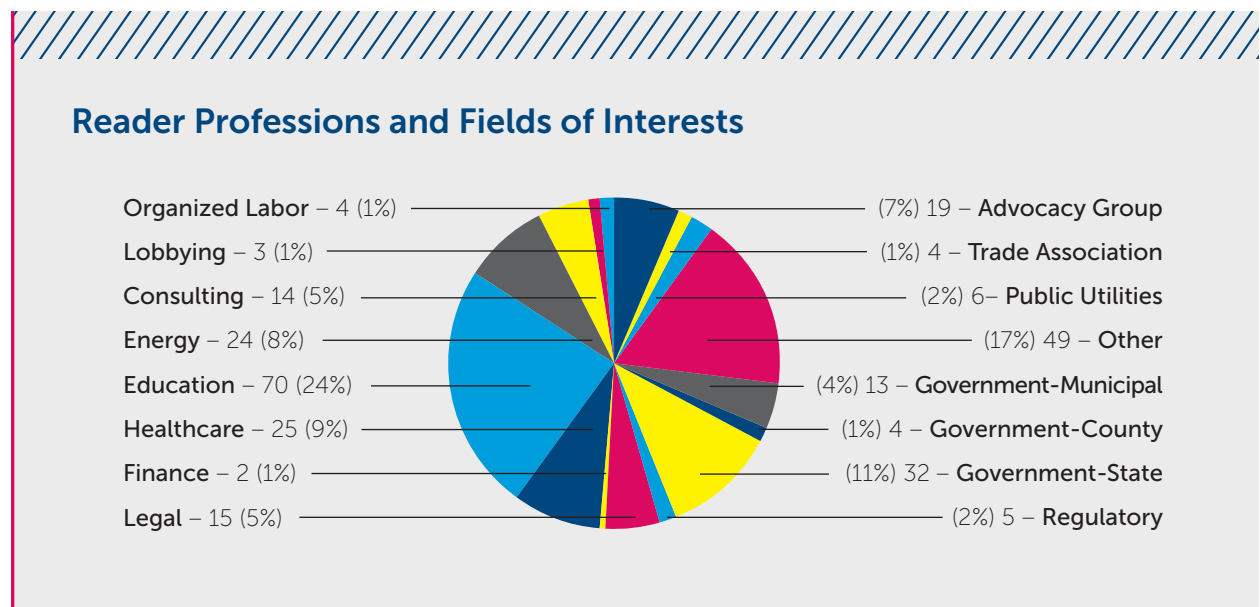
- Newsworks (part of WHYY agreement)
- Philly.com (formal agreement, not paid)
- Patch.com (no formal or paid agreement)
- Politicker NJ (no formal or paid agreement)

While NJ Spotlight’s reach is much less than the general readership of the Star Ledger, the site has succeeded in attracting its more focused target audience: government officials, policymakers and aides, school superintendents, advocates and academics.<sup>4</sup>

Twenty-four percent of NJ Spotlight readers surveyed work in education, 16 percent in government (state, county and municipal), 9 percent in health care and 8 percent in energy.<sup>5</sup> Eighty-nine percent of surveyed NJ Spotlight readers reported forwarding at least one story to another person.<sup>6</sup>

NJ Spotlight stories also reach additional readers through formal content-sharing agreements with WNYC and WHYY and informal agreements with

Philly.com, Patch.com and others. The formal sharing agreements involve providing content for the respective websites, commentary on programming (including a weekly podcast with WHYY) and cooperation on individual reporting projects. The WHYY contract stipulates exclusive access to certain South Jersey stories, which means that NJ Spotlight can’t offer these stories to other media outlets for at least two days. NJ Spotlight recently signed on as a partner in a new statewide, collaborative media effort through Montclair State University, also supported through the Knight Community Information Challenge. The New Jersey News Commons will help local news outlets collaborate in their coverage of issues such as health care, natural disasters and crime, which have both local and statewide effects.<sup>7</sup>



<sup>4</sup> The Star Ledger’s weekday readership is around 278,000.

<sup>5</sup> At least 94 percent of readers surveyed had received a bachelor’s degree or higher, and 93 percent of those who stated their income earned above \$50,000 annually. (June 2012, n=289)

<sup>6</sup> Reader survey conducted in June 2012; n=289 responses.

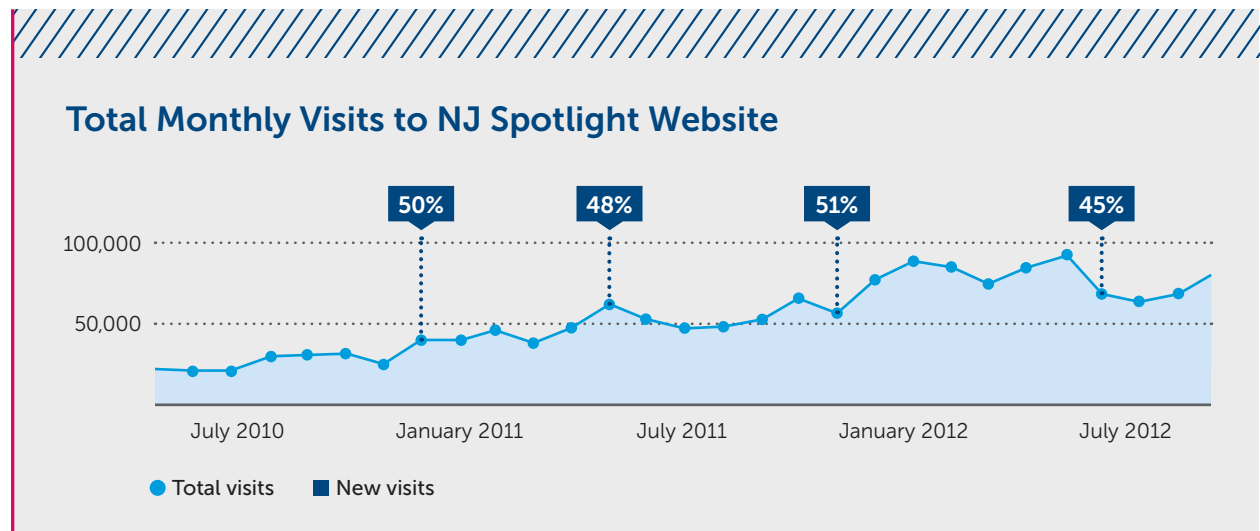
<sup>7</sup> “A New Approach to News.” <http://www.montclair.edu/news/article.php?ArticleID=10236&ChannelID=28>. Accessed Nov. 4, 2012.



## Shaping Public Education Debates

With high readership among policy makers and a reputation for fair and credible reporting, NJ Spotlight has played a strong role in informing state education policy discussions.

As Shelley Skinner, deputy director of the advocacy group Better Education for Kids notes, "NJ Spotlight provides the best topical, in-depth coverage in Trenton. ... For our organization, and for all organizations focused on policy issues in New Jersey, NJ Spotlight is the touchstone."



For example, NJ Spotlight's coverage of state deliberations played a critical role in the August 2012 passage of a teacher tenure reform bill. For over two years, a group of legislators led by State Senator Teresa Ruiz worked to revise teacher protection laws in the state, including implementing yearly teacher evaluations, removing the guarantee of tenure for underperforming teachers, and ensuring that talented tenured teachers maintained strong performance.<sup>8</sup>

NJ Spotlight reporting supported dialogue among legislators, schools and teachers about what good teacher evaluations looked like and how the rules would be implemented. NJ Spotlight published more than 100 stories on the topic and facilitated a panel on tenure reform, attended by more than 125 teachers, community activists and parents, and representatives from the state's Department of Education and the teacher's union (New Jersey Education Association).

The tenure reform bill ultimately received the support of the teachers' union and passed unanimously –

***"NJ Spotlight is shining light on a regulatory delay, and playing the watchdog role that was missing at the state level."***

**Robert Marshall**  
Executive Director of the New Jersey Energy Coalition

an almost unheard of event in New Jersey, according to Skinner: "Usually we'd be on opposite sides with the union, but [NJ Spotlight] enabled us to roll up our sleeves and have a more productive conversation." As Sen. Ruiz, who led the group of legislators working on tenure reform, explained: "NJ Spotlight helped bring a lens to what was happening behind closed doors. People could understand the reasons for the bill, and that was a benefit."

**NJ SPOTLIGHT**  
WHERE ISSUES MATTER

SEARCH  GO

▶ BUDGET ▶ EDUCATION ▶ ENERGY & ENVIRONMENT ▶ HEALTHCARE ▶ MORE ISSUES ▶ OPINION ▶ ABOUT US ▶ VIDEO JANUARY 9, 2013

**Newark School Renovation Project Greeted With Kudos and Criticisms**  
Schools Development Authority puts up its scaffolding to a familiar refrain: what's taking so long?

By **John Mooney**, August 30, 2012 in Education | 3 Comments

print | email | share

**A year ago, the Wilson Avenue School in Newark was the poster child for many of New Jersey's city schools -- after it was socked by the winds and rains of Hurricane Irene and forced to close for four months before students could return.**

**Yesterday, the Christie administration and local officials returned to the school on a crystal clear day to announce further repairs to the century-old building, as well as work ongoing in the rest of the district, including the construction of three new buildings.**

**In a public event held in the school parking lot, Newark school superintendent Cami Anderson said the work was a partnership of not just state and local officials but also community members and parents.**

"Today is a true definition of teamwork," she said.

But school construction is a sore subject in New Jersey, and any time the spotlight is trained on projects that are

**Related Links**  
Schools Development Authority: Progress or Peril?

**FOLLOW US** [Facebook] [Twitter] [RSS]

**BECOME A NJ SPOTLIGHT MEMBER!**  
Comment on anything and everything we publish. Join the conversation. Or sign up for our free weekly news digest.

Join Log In Update Your Profile

**Subscribe to our Daily Digest**  
Sometimes news and analysis can't wait a week.

**DONATE NOW**

**NJ Spotlight is growing in 2013!**  
Read about our new staff, new funding.

The NJ Spotlight Roundtable Series

<sup>8</sup> Shumay, T, "NJ's Christie Signs Teacher Tenure Reform Into Law," The Foundry, Aug. 7, 2012.



NJ Spotlight has quickly become a primary source of information for stakeholders involved in state energy and environmental issues. As Robert Marshall of the New Jersey Energy Coalition noted, “You can count on seeing coverage of regulatory stuff in Trenton. I don’t even need to go to certain meetings now – I can see what went on in NJ Spotlight, and understand the viewpoints of different constituencies just by reading.”

Soon after launching, a NJ Spotlight story showed that the state’s largest power supplier had failed to pay a required surcharge (used for clean energy programs) on its utility bills for the past decade, and instead passed more than \$5 billion in fees directly on to customer.<sup>9</sup> The report triggered a call for an

investigation by the attorney general’s office and prompted a hearing before the New Jersey Board of Public Utilities.<sup>10</sup> There is now an ongoing state review of the surcharge program.

A recent NJ Spotlight article also exposed the Christie administration’s 16 month delay in adopting regulations that would enable developers to secure financing for the Fishermen’s Atlantic City offshore wind farm and help create well-paying green jobs. The project received its final permit in July 2012. Fishermen’s Energy, the company overseeing the project, now plans to build the first demonstration offshore wind farm in the United States, “making the New Jersey resort the birthplace of offshore wind in the Americas.”<sup>11</sup>

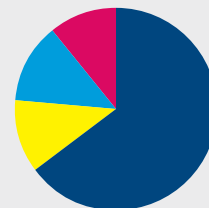
## Business Model: Present and Future

NJ Spotlight’s projected revenues for 2012 were just over \$811,000, with one-third (\$285,000) coming from earned revenue sources (see chart). NJ Spotlight hopes to grow its earned revenue streams to one-half of total revenues, through a continued focus on content sharing fees, advertising and sponsorships (such as the New Jersey Education Association’s recent sponsorship of a panel on teacher evaluation).<sup>12</sup>

Alongside earned revenues, philanthropic support will continue to be core to NJ Spotlight’s operations. “We thought there was a time when philanthropy might not need to be involved,” said former CFNJ board member Ingrid Reed. “We could provide seed money and NJ Spotlight would produce content and manage the site, while also earning revenues by developing subscription newsletters. But creating our own revenue stream in that manner was going to take time and expertise to develop.” CFNJ has signaled that it will *not* continue to be the primary philanthropic funder in perpetuity. According to foundation President Dekker, a consortium of local funders

working on issues covered in NJ Spotlight (such as education and the environment) will be required to support its ongoing efforts.

### Breakdown of NJ Spotlight Revenue (2012)



- Investor/Foundation Support – \$526,800
- New Service Fees – \$86,667
- Advertising – \$94,340
- Sponsorships – \$104,110

<sup>9</sup> Adapted from: FSG, “Leadership Profile: Community Foundation of New Jersey.” <http://www.knightfoundation.org/publications/leadership-profile-community-foundation-new-jersey>. Accessed Oct. 28, 2012.

<sup>10</sup> NJ Spotlight, “AG Investigation Requested in PSEG Power Deal,” May 8, 2010

<sup>11</sup> <http://www.philly.com/philly/blogs/greenliving/Atlantic-City-wind-farm-receives-final-permit.html>

<sup>12</sup> NJ Spotlight’s earned revenues are significantly above average; one Knight Foundation study of seven nonprofit news sources found that the projects raised 90 percent of their funds from contributed dollars (from foundations and individual donors) with less than 10 percent coming from earned income sources such as events, advertising and syndication. [http://www.knightfoundation.org/media/uploads/publication\\_pdfs/13664\\_KF\\_NPNNews\\_Overview\\_10-17-2.pdf](http://www.knightfoundation.org/media/uploads/publication_pdfs/13664_KF_NPNNews_Overview_10-17-2.pdf)



## The Texas Tribune

Like the New Jersey Spotlight, The Texas Tribune is a 501(c)3 supported by individual contributions, major gifts, corporate sponsorships, and foundation grants. The Tribune also generates earned revenue from events and specialty publications. In 2012, the Texas Tribune raised more than \$4.5 million, compared to approximately \$4.2 million in expenses. A third of the organization's revenue came from corporate underwriting, through site and event sponsorships

## Lessons Learned

### **Lesson 1: Be clear about your focus and your audience.**

NJ Spotlight conducted a careful market “gap” analysis and developed a robust business plan prior to launch. Through the process, NJ Spotlight narrowed its initial issue focus (education, energy, health care and environment) and defined a clear audience (policy decision makers and civic actors in the state). This vision allowed NJ Spotlight to attract an audience that relies heavily on its content.

### **Lesson 2: Focus on building a quality brand.**

NJ Spotlight through its reporting and facilitation has come to be viewed as a trusted, neutral arbiter in the community. NJ Spotlight's professional reporters with expertise, contacts and large followings helped develop the site's reputation and build its brand in the state. While not possible in every setting, recruiting writers with journalism training and specialized knowledge is likely to yield high reputational returns.

### **Lesson 3: Create a blended revenue model.**

One-third of NJ Spotlight's revenue comes from earned income, split evenly between content sharing fees, advertising and sponsorships. While philanthropy will likely always play a core role in the operating model, NJ Spotlight has demonstrated that meaningful earned income is possible and can support long-term financial sustainability. NJ Spotlight's progress in this area is due, in part, to recruiting corporate sponsors and advertisers. Other online news sites, such as The Texas Tribune have also been able to generate earned-income sources of revenue.<sup>13</sup>

<sup>13</sup> <http://www.texastribune.org/about/>. Accessed Nov. 4, 2012

# About

## John S. and James L. Knight Foundation

Knight Foundation supports transformational ideas that promote quality journalism, advance media innovation, engage communities and foster the arts. We believe that democracy thrives when people and communities are informed and engaged.

More at [knightfoundation.org](http://knightfoundation.org).

The Knight Community Information Challenge engages community and place-based foundations in meeting local information needs, helping them increase their impact on issues they care about.

More at [informationneeds.org](http://informationneeds.org).

## FSG

FSG is a nonprofit consulting firm specializing in strategy, evaluation and research, founded in 2000 as Foundation Strategy Group. Today, FSG works across sectors in every region of the globe – partnering with foundations, corporations, nonprofits and governments to develop more effective solutions to the world’s most challenging issues. FSG brings together leaders that are hungry to exchange information, elevate learning and to create collective impact in discovering better ways to solve the world’s most difficult social problems. In the field of learning and evaluation, FSG has significant client and thought leadership experience. FSG’s approach focuses on the use of evaluation as a management tool to improve decision making and increase social impact. We use traditional as well as innovative data-collection approaches to determine the various effects and impacts an organization’s efforts have produced over time – always with the purpose of informing and improving strategy and program implementation.

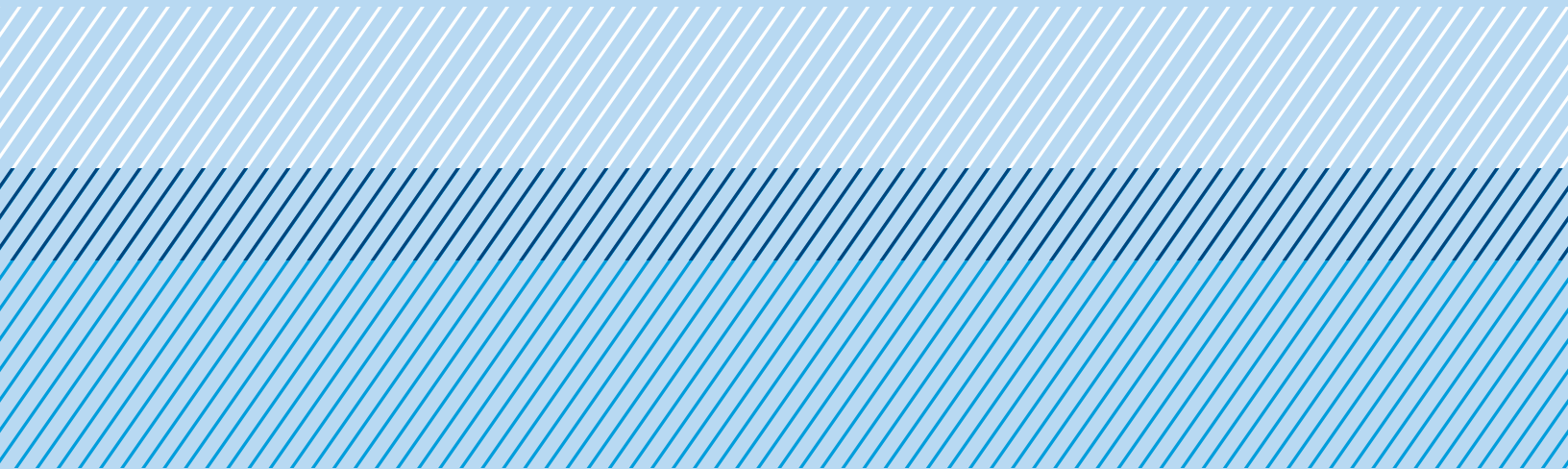
More at [fsg.org](http://fsg.org).

## Network Impact

Network Impact provides social science research and evaluation, tool-building and consulting services to support social-impact networks, foundations, and the emerging field of network builders.

More at [networkimpact.org](http://networkimpact.org).





**John S. and James L. Knight Foundation**

Suite 3300  
200 South Biscayne Boulevard  
Miami, FL. 33131-2349

(305) 908-2600

**[knightfoundation.org](http://knightfoundation.org)**  
**@knightfdn**

