Tackling the Toughest Stories, Five Years On

ProPublica Annual Report 2013
The Mission

To expose abuses of power and betrayals of the public trust by government, business, and other institutions, using the moral force of investigative journalism to spur reform through the sustained spotlighting of wrongdoing.
In June of 2013, Britain’s *Guardian* faced a delicate question: To whom could it turn if the British government increased pressure to halt publication of documents it had obtained from Edward Snowden? British officials had been threatening to legally bar further revelations about the unprecedented surveillance conducted by the US and UK governments. The Guardian decided first to share some of its documents with ProPublica, and then also with the New York Times. Guardian editor Alan Rusbridger explained his strategy this way:

Well, we had to find American partners because it was clear that our reporting was going to be made very difficult in the UK. And actually, if you look around America, you slightly—I mean there are not limitless options of people who could handle a very big story. I mean, it takes up a lot of resources, a lot of technical knowledge, legal backup, and *The New York Times* is a great paper with that kind of backup, and *ProPublica* is a really interesting example of a much smaller operation but has got a lot of expertise around these kind of subjects.

Rusbridger’s choice was soon rewarded. Perhaps the most significant of Snowden’s revelations—and the one that had produced the most significant reform in the US by the end of 2013—concerned the efforts of the US’s NSA and Britain’s GCHQ to undermine Internet encryption and encryption standards. The lead reporter on that key story, published in partnership by ProPublica, the Guardian and the Times on September 5, was ProPublica’s Jeff Larson. Rusbridger later modestly noted the key roles played in this complex but hugely important story:

I have a confession to make: I did not myself spot that story—of how law enforcement agencies are trying to undermine private encryption capacities—that was nested in the GCHQ/NSA documents; and even when it was explained to me by the young specialist technology reporters who did grasp its significance, I did not immediately understand it. Embarrassingly, I had to sketch a childlike drawing to confirm what I thought Jeff Larson, a Web developer and reporter at ProPublica, and James Ball, our own twenty-seven-year-old reporter and technical whiz kid, were telling me.

Five years after ProPublica’s founding, these acknowledgements by one of the world’s leading journalists reflect how far our organization has come—to stand as a trusted source of news by both readers and fellow reporters, and to have the
resources and courage to identify, report and publish the most challenging and important stories.

Nor were ProPublica’s articles on the Snowden documents the only such pieces it published in 2013. The year was marked by ProPublica reporters taking on the toughest subjects, focusing on powerful institutions of all sorts that have abused power or failed to live up to the public trust. Important series dealt with: billions of taxpayer dollars wasted in the Medicare Part D prescription drug program; failures of oversight and inadequate, profit-driven quality of care in the nation’s assisted living facilities; a new wave of abusive tactics in predatory lending; systematic exploitation of temporary workers by many of the country’s largest manufacturers and retailers; and long-running safety issues with Tylenol and the FDA’s failure to grapple with them.

These stories had disparate subjects, but a common methodology: deep reporting, the result of months and sometimes years of work, expressed through vivid writing, and presented with an eye toward spurring reform.

By the end of 2013, ProPublica was able to look back on more than five years of accomplishment. This was evident not just in terms of the impact from our work but also in building a robust and vibrant publishing platform of our own, in playing a leading role in forging a golden age of journalistic partnerships, and in making significant strides toward financial sustainability; details can be found in the pages that follow. But first, it is worth singling out our role as a pioneer in data-driven journalism.

The leading edge of ProPublica’s data journalism is what we call our news applications. These are searchable databases that reveal important stories at a
national level—such as waste from overuse of branded drugs rather than genera-
cics in Medicare Part D—but that also allow readers access to their own personal
stories—such as their own doctor’s prescribing patterns, and that can be used as
well by news organizations around the country to easily ferret out local stories—
such as the leading prescribers of contra-indicated drugs in a particular town.

ProPublica has led the way in developing and deploying such news applications
from our earliest days. In 2013, the most successful new news applications we
deployed included Prescriber Checkup, which charts Medicare Part D prescrip-
tions in the ways noted above, and which recorded more than one million page
views by year end, and Nonprofit Explorer, which offers searchable access to
the IRS filings of thousands of nonprofits. Another significant news application
launched in 2013 restored to the public Internet on a searchable basis thousands
of images censored by Chinese authorities from Weibo, China’s equivalent of
Twitter.

In addition to Prescriber Checkup, earlier news applications on payments made
under the 2008-09 government bailouts and the 2009-10 stimulus program
have also received more than one million page views. The most popular of all
ProPublica news applications remains Dollars for Docs, launched in 2010 and
updated and improved in 2013, which has received more than 6.6 million page
views to date, and spawned local stories by more than 175 news organizations
throughout the country. It is now widely cited as a reporting resource, most
recently in the New York Times look at the growing use of ADHD drugs. Most
important, it has spurred critical reform.
News applications represent a new and exciting form of storytelling. They allow ProPublica to leverage its work vertically down to the level of individual readers, and horizontally through new sorts of partnerships with other newsrooms. Beyond that, they serve as an important reminder of how much the news business generally, and investigative journalism in particular, is changing, and how continuing to play a leading role in the field will require ProPublica to continue to change as well. We are committed to grow, and to lead, in the next five years at least as much as we did in our first five.

How States Compare
Percent claims for name-brand drugs from primary care physicians, 2011. See state by state data →

An interactive map from ProPublica’s Prescriber Checkup news application.

Twitter Followers
Dec. 2013
252,004

Facebook Fans
Dec. 2013
62,994
Impact

The most important test of ProPublica is whether our work is having impact. By this, we mean not audience size or prizes, but real world change. Examples of what we mean can be found at [http://www.propublica.org/about/impact/](http://www.propublica.org/about/impact/)

In 2013, ProPublica stories produced such change in a wide range of important areas:

- Beginning in May, ProPublica reporting, initially published in partnership with the Washington Post and later with NPR, revealed vast shortcomings in the oversight of the federal government’s prescription drug benefit program, Medicare Part D. In the wake of this reporting, meaningful reform seems underway. In June, an Inspector General report mirrored ProPublica’s findings, and the Center for Medicare and Medicaid Services (CMS) pledged to step up oversight of doctors with questionable prescribing patterns. The director of Medicare told a Senate hearing that CMS would also require that all Medicare prescribers be enrolled in the program, verifying their credentials and disclosing possible disciplinary problems. CMS also pledged to ramp up enforcement actions and to begin sharing information about suspect pharmacies and doctors with private insurance plans. Meanwhile, three senators, Tom Coburn (R-OK), Tom Carper (D-DE) and Charles Grassley (R-IA), cited ProPublica’s reporting in pressing for even more far-reaching reforms; Grassley pushed state regulators to share disciplinary actions under state-administered Medicaid programs with federal officials who run Medicare; Carper urged a new crackdown on fraud in the program.

- Our reporting, in partnership with the New York Times and the Guardian, on efforts by the NSA and Britain’s GCHQ to undermine encryption on the Internet, published in September, is already having important impact. The National Institute of Standards and Technology (NIST) has “strongly” recommended against the use of one of its own standards, and launched a formal review its own standards development efforts. Developers, from Silent Circle to various customers of RSA Security, meanwhile, had indicated they were moving away from those standards. Google has intensified and accelerated efforts to more securely encrypt Gmail, and Twitter and Microsoft are taking similar steps for their own services. And President Obama’s task force on reforming the NSA urged that efforts to undermine encryption cease and recommended splitting the code-making unit from agency and transferring it to the Department of Defense.
• In December, pressed by efforts such as ProPublica’s Dollars for Docs, GlaxoSmithKline became the first major pharmaceutical company to end the practice of paying doctors to promote the prescribing of drugs.

• Coverage of the role of “dark money” deployed in political campaigns by tax exempt groups—in which ProPublica has done what the Economist called “pioneering research” for the last two years—may finally be yielding meaningful results. In November, the IRS issued proposed guidelines that would tighten the rules under which such so-called social welfare nonprofits operate, and restrict their political spending.

• Our coverage of dysfunction in the presidential pardon process yielded its most critical results to date in December with the commutation of the sentences of Clarence Aaron, whose story we highlighted, in partnership with the Washington Post, in 2012.

• Fines continue to mount in the wake of our reporting on complex mortgage-backed securities deals and the role of hedge fund Magnetar in the years leading up to the crash of 2007-08—the reporting that earned ProPublica our second Pulitzer Prize. In March, a Massachusetts regulator fined Deutsche Bank $17.5 million. In October, the SEC sued Harding Advisory and its head, Wing Chau, for failing to disclose Magnetar’s role in some of the deals. In December the SEC settled Magnetar-related charges with Merrill Lynch, with the firm agreeing to pay a fine of more than $131 million, bringing the total of fines in Magnetar deals to more than $435 million.

• Progress continued toward easing housing segregation in New York’s Westchester County, the focus of ProPublica reporting beginning in Fall 2012. In June, under pressure from an awakened Justice Department, the county legislature finally passed, and the County Executive signed, a law banning discrimination against those who pay rent with federal assistance.

• Reporting in 2012 by ProPublica and the Seattle Times about a wholesale failure to keep U.S. military records from the conflicts in Iraq and Afghanistan—depriving veterans of benefits and commendations—has begun to show results. In July, the Army finally conceded the loss of the records, and launched an effort to recover them, consolidate substitutes and
clarify responsibilities for future recordkeeping.

- In the wake of reporting in 2012 by ProPublica and Frontline on the safety risks facing communications tower climbers, OSHA in August indicated that it has begun looking at how the conduct of cell phone companies—through deadlines and other contractual requirements—may be contributing to the deaths of climbers.

- A complex set of tax deals which were the subject of a ProPublica investigation with the Financial Times in 2011 (and won an Overseas Press Club Award in 2012) resulted in a federal court decision against Bank of New York Mellon in February. While the bank is appealing, it took an $850 million charge after the decision.

- In January and February, the Department of Interior’s Bureau of Land Management issued new rules governing the round-up and sale of wild horses—a program in which a ProPublica report in September 2012 revealed widespread problems. The new rules restricted horse adoptions with the aim of preventing illegal slaughter and heightened transparency.

- A U.S. security contractor in Iraq was fined $75,000 in February by the Department of Labor for abuses in the treatment of workers in the war zones first revealed in a 2009 ProPublica series.
Recognition for our work

ProPublica was the first online news organization to win a Pulitzer Prize (2010) and the first to win a Pulitzer for stories not published in print (2011). Our work was honored in 2013 as follows:

Sebastian Rotella and Ana Arana’s account of “What Happened at Dos Erres” won a Peabody Award (the highest honor in broadcast journalism), two Overseas Press Club Awards— the Lowell Thomas for Radio (with This American Life) and the Joe and Laurie Dine Award for Human Rights Reporting— and a Dart Award for Excellence in Coverage of Trauma from Columbia University’s Dart Center, and was a finalist for the Scripps Howard Foundation National Journalism Ernie Pyle Award for human interest storytelling.

Nikole Hannah-Jones’s work on housing segregation won Columbia Journalism School’s Paul Tobenkin Memorial Award, the Society of the Silurians Excellence in Journalism Award for online investigative reporting, the National Low Income Housing Coalition Media Award, and the December Sidney Award for fostering social and economic justice from the Sidney Hillman Foundation (with This American Life), and was a finalist for the National Association of Black Journalists Salute to Excellence in Digital Media and the Deadline Club Award for minority focus.

Our work on tower climbers with Frontline was nominated for an Emmy Award for Business and Economic Reporting in a Newsmagazine, won a SA-BEW award for digital investigative story and was a finalist for a Gerald Loeb Award for Distinguished Business and Financial Journalism. The Emmy nomination was the seventh for ProPublica work in the last three years..

Our reporting on dark money in politics received an Online Journalism Award for innovative investigative journalism for medium news site, an Investigative Reporters and Editors Award for multiplatform, large size, the Society of Professional Journalists Sigma Delta Chi Award for Online Investigative Reporting, affiliated, an honorable mention for the Toner Award for Excellence in Political Reporting and was a finalist for the Deadline Club Award for reporting by independent digital media. Our election coverage also received the Online Journalism Award, planned news/event for medium news site.

Paul Kiel’s “Great American Foreclosure Story” won the Society of Business Editors and Writers (SABEW) Best in Business Awards for both feature and explanatory stories, and was a finalist for the Livingston Award for Young Journalists.

Jesse Eisinger’s “The Trade” column won SABEW’s Award for commentary for the second year in a row.

Contributor Sheri Fink won the Mike Berger Award from Columbia Journalism School for local reporting and the Association of Health Care Journalists Award for beat reporting and was a finalist for the Deadline Club Award for enterprise reporting for part of the coverage of Hurricane Sandy featured
in our 2012 annual report. ProPublica’s Hurricane Sandy coverage was also an **Online Journalism Award finalist for explanatory reporting** for medium news site.

Our news applications and graphics were also widely honored this year. Our StateFace mapping technology won the **Malofiej International Infographics Awards Best Map Online and Silver Medal** as well as **Society for News Design (SND) Judges’ Special Recognition**. Receiving **SND Silver Medals** were our Pipeline Safety Tracker and Nursing Home Inspect app, and **SND Awards of Excellence** went to our Great Migration maps, drones graphic, our organizational portfolio and developer Lena Groeger’s personal portfolio. The Great Migration maps was also a **finalist for a Data Journalism Award**, as were our Message Machine app and our Nerd Blog. Our news applications overall were also a **finalist for the Scripps Howard Foundation National Journalism Award for Digital Innovation**.

Reporting by Abrahm Lustgarten on injection wells was a finalist for the **Scripps Howard Foundation National Journalism Edward Meeman Award** for environmental reporting.

Our report on death investigations with Frontline, “The Real CSI,” was a **finalist for the ABA Silver Gavel Award for television**.

And Lois Beckett was also named a **finalist for the Livingston Award**, for her coverage of new uses of data by political campaigns. This is a prize Lois shared last year with two ProPublica colleagues; ProPublica reporters have been named finalists for the Livingston every year since our founding—indeed ProPublica stories have been finalists eight times in the last five years.

Michael Grabell’s report on temporary workers, “The Expendables,” won the **Sidney Award** for July.

Our coverage of various health care issues received the **National Consumer Voice for Quality Long-Term Care Public Service Award**.

Our reporting with Frontline on Sheldon Adelson and Macao was also a **finalist for a Gerald Loeb Award**.

In individual awards, ProPublica founder and executive chairman Paul Steiger won the **Burton Benjamin Memorial Award** for lifetime achievement in the cause of press freedom from the Committee to Protect Journalists and received an **Honorary Doctor of Laws degree from Columbia University**. Reporter AC Thompson received the **Elijah Parish Lovejoy Award** for courage in journalism. Meanwhile, in social media, both ProPublica senior engagement editor Amanda Zamora and social media producer Blair Hickman were both among “**50 female innovators in digital journalism**” named in March by web site Journalism.co.uk. In December, HealthLeaders named senior reporter Charles Ornstein one of “**20 people who are making a difference in healthcare.**” And senior editor Joe Sexton was named one of **Advertising Age’s “Creative 50”** most influential creative figures in entertainment, tech, advertising and publishing.
ProPublica’s Growing Publishing Platform

Partners in 2013: 26

Page views at ProPublica.org: 1,331,000 average per month, up marginally compared with 2012, but up 20% excluding January 2012 traffic spike

Unique visitors to ProPublica.org: 561,000 average per month, up 4% over 2012, and up 23% excluding January 2012 traffic spike

Page views from reprints via Creative Commons: 575,000 average per month, up 46% over 2012

Daily email subscribers: more than 64,000, up 9% over 2012

Twitter followers: more than 252,000, up 41% over 2012

Facebook fans: nearly 63,000, up 53% over 2012

iPhone/iPad/Android app downloads to date: more than 172,000—up 25% over 2012

Podcast downloads during year: more than 182,000, up 88% over 2012

Publishing Partners, 2013

ProPublica has had 104 publishing partners in five and half years. We choose each partner with an eye toward maximizing the impact of the story in question. Here is a list of our partners in 2013:

Amazon.com  New York Daily News*
BuzzFeed*  New York Times
Chicago Reader*  NPR News
Chronicle of Higher Education  Pottstown Mercury*
Consumer Reports  St. Louis Post-Dispatch
Denver Post  Seattle Times
Foreign Policy  Source*
Frontline  Stars and Stripes
Guardian  This American Life
Los Angeles Times  Time Magazine
Marketplace  Univision*
Mashable*  Washington Post
Monterey Herald*  WNYC

*new partner in 2013
Financial Information, 2013 (rounded to nearest $1000)

Revenues
Board of Directors contributions and related grants $ 4,928,000
Major grants and gifts ($50,000 and above) 5,610,000
Online donations 215,000
Business Advisory Council contributions 232,000
Other grants and gifts 820,000
Earned income 127,000
Total $11,932,000

Expenses
News salaries, payments and benefits $ 6,648,000
Non-news salaries and benefits 1,334,000
Personnel support 798,000
Outreach 334,000
Professional fees 49,000
Occupancy and office 975,000
Capital costs 125,000
Taxes 4,000
Total $10,267,000

Total donors: more than 3000

Notes: all figures preliminary and unaudited
Board of Directors grants includes $1 million at year-end from the Sandler Foundation to bolster ProPublica’s reserves and fuel future expansion
Business Advisory Council contributions include only those not categorized elsewhere
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Richard Tofel, president
Robin Fields, managing editor
Debby Goldberg, VP, development

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Journalism Advisory Board

ProPublica has named a journalism advisory board to advise ProPublica’s editors from time to time on the full range of issues related to ProPublica’s journalism, from ethical issues to the direction of its reporting efforts. Its members include:

Jill Abramson, executive editor, The New York Times
David Boardman, dean, Temple University School of Media & Communications
Raymond Bonner, writer living in London
Robert A. Caro, historian and biographer of Robert Moses and Lyndon Johnson
John S. Carroll, former editor of the Los Angeles Times and the Baltimore Sun
Sheila Coronel, director, Stabile Center for Investigative Journalism, Columbia Journalism School
L. Gordon Crovitz, former publisher of The Wall Street Journal; partner, Journalism Online
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Business Advisory Council

ProPublica also has a Business Advisory Council, a group of executives who advise on emerging business and technology issues:

Mark Colodny, chair, managing director, Warburg Pincus LLC
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