

Report to Stakeholders



MAY–AUGUST, 2016



The latest in a series of periodic reports to our stakeholders about progress at ProPublica. Earlier reports, including our annual report for 2015, are available at ProPublica.org.



From the Horse Race to The Breakdown

As the 2016 presidential contest got underway last year, a team of ProPublica editors and reporters launched a project to more deeply examine our political system. While many other news organizations focus their coverage on aspects of the horse race — Who’s ahead, where and by how much? Who’s raised how much money and from whom? — we had less transitory stories in mind. We hoped ProPublica could devote its resources during this campaign cycle to illuminating underlying changes in the structure and functioning of 21st century American democracy.

We call this series “The Breakdown,” reflecting a palpable feeling among many voters, and a range of observers, that the machinery of government has failed us and been hijacked by narrow interests—that our politics have crippled the policy process. We also sought, more literally, to “break down” the

system to better understand how it works, or fails to. Our efforts in recent months have, we believe, begun to achieve these objectives.

In “[Fire Fight: The Homebuilding Industry’s War on Fire Sprinklers](#)” co-published with Charleston, South Carolina’s Post and Courier, reporter Robert

Above: Illustration by Cameron Cottrill for ProPublica

Cover: ProPublica reporter Cezary Podkul interviews Stephen Werner, an analyst at New York City’s Housing Preservation and Development Department. (Bryan Anselm for ProPublica)



Butler County Sheriff Rick Jones marches at the head of the Fourth of July parade in Middletown, Ohio. Jones has made a name for himself in opposing illegal immigration, embodying the region's dramatic shift from a longtime base for political moderates to a Donald Trump stronghold. (Ty Wright for ProPublica)

Futurechi pulled back the curtain on the inside strategies of industry lobbying groups, in this case the National Association of Homebuilders. The article documented the state-by-state campaign of U.S. homebuilders to limit costs by blocking life-saving fire sprinklers from new homes. Conducting their campaign far from Washington — cultivating allies in statehouses through campaign contributions, and packing state regulatory councils with industry-friendly members — the lobby has foiled efforts to make home sprinklers mandatory in at least 25 states. Our reporting also showed the real-life consequences of this battle: the stories of preventable deaths and injuries from fires in homes built without sprinklers.

We've also uncovered less visible but profound shifts that are changing the political landscape across the nation. "[The Great Republican Crack-up](#)," co-published with Politico and written by reporter Alec MacGillis (winner of the 2016 Robin Toner Prize for Excellence in Political Reporting), profiles how Dayton, Ohio, transformed from a longtime base for political moderates — a city that once put out the welcome mat for its Muslim immigrant community — to a Donald Trump stronghold. The story tracks demographic and socioeconomic

trends, including deindustrialization and suburban flight that created conservative exurbs. In his review of two recent books on the history of the white working class, "['White Trash' — The Original Underclass](#)," published in partnership with The Atlantic, MacGillis extended this analysis, showing how the often-overlooked plight of key elements of Trump's base explain the success of his primary campaign.

We've also looked into the conduct of government officials, including [a story with the Washington Post](#) showing how, after U.S. troops were pulled out of Iraq in 2011, then-Secretary of State Clinton's department slashed crucial civilian programs that might have stemmed the rise of ISIS. Our intensive review of this aspect of Clinton's

tenure shows that, despite her initial push to keep these programs, mishaps and miscalculations — by her department, as well as a White House and Congress focused on budget goals — curtailed them, leaving Iraqi security forces weakened and vulnerable to the Islamic State's 2014 surge.

Finally, ProPublica has developed an online tool to make it easier for people to track the voting records of their elected legislators. Called [Represent](#), the searchable database provides profile pages for members of the U.S. House and Senate, with their latest votes, legislation they support, and statistics about their voting, including how often a member voted against a majority of party colleagues and the percentage of votes they missed. More resources along these lines, including a new tool called Election DataBot, are coming before this fall's voting.

Beyond "The Breakdown" series, ProPublica reporting in recent months has explored key issues, including [access to higher education](#), affordable health care, [race](#) and the [criminal justice system](#), housing, abortion and veterans' rights. As the election season reaches a crescendo, ProPublica will continue to try to get beyond the noise of the campaign, and dig deeper into how government and policy really work — and why they don't.

Impact

As noted above, the most important test of ProPublica is whether our work is having impact. By this, we mean not audience size or honors, but real-world change. Examples of what we mean can be found at <https://www.propublica.org/about/impact/>, as can a white paper on how ProPublica thinks about impact and related questions.

In the middle period of 2016, ProPublica stories produced change in a number of important areas:

■ Following ProPublica's reporting that students at for-profit schools accredited by the Accrediting Council for Independent Colleges and Schools (ACICS) have the lowest graduation rates in the country, and their graduates struggle the most to repay their student loans, an Education Department advisory committee voted to recommend that the government de-authorize ACICS. The unprecedented move came days after Education Department staff released a report also calling on the government to cut ties with the troubled accreditor. Citing ProPublica's investigation, Sen. Elizabeth Warren similarly released a report recommending sanctions against ACICS for its failure to provide effective oversight.

■ A ProPublica investigation, published in July with The New York Times, found that a New Jersey agency is pushing burdensome student loans with stringent rules, aggressive collections and few reprieves — even for borrowers who have



After resisting arrest, a risk assessment algorithm rated Bernard Parker, left, a high risk. He did not reoffend. Dylan Fugett, right, was rated low risk after being arrested with cocaine and marijuana. He was arrested three times on drug charges after that. (Josh Ritchie for ProPublica)

died. Prompted by our reporting, the New Jersey Senate held a hearing to examine the state's student loan agency. State senators also proposed new measures to reform the program, including a bill that would stop holding parents or guardians

who co-sign loans for their children responsible for the loans if their children die. Another bill would require the agency to obtain a court order before seizing wages, rescinding tax refunds or suspending professional licenses of delinquent borrowers. In



It took one mother seven years to learn that the for-profit school she trusted with her son had strapped him down again and again, one time after not picking up his Legos. (Pep Montserrat, special to ProPublica)

addition, members of the New Jersey General Assembly announced a measure that would require the state agency that administers the loan program to offer income-driven repayment for struggling borrowers.

■ In a joint investigation with the Washington Post and German news outlets Handelsblatt and Bayerischer Rundfunk, ProPublica examined dividend-arbitrage transactions, a trade strategy that helps foreign investors avoid an estimated \$1 billion a year in taxes on dividends paid by German companies. Following our report, prosecutors in Frankfurt, Germany's financial capital, launched an investigation into the trades, and the German Parliament voted to end the tax-avoidance deals in the country. Germany's top finance

official also released a statement criticizing div-arb.

■ This year ProPublica and the Virginian-Pilot have been investigating whether Vietnam veterans' exposure to Agent Orange has also led to health problems in their children and grandchildren. At a ProPublica-sponsored Washington, D.C., event in June, Veterans Affairs officials announced new efforts to address this issue, including the agency's first nationwide survey of Vietnam veterans in more than three decades. The VA also requested an outside panel of experts to continue its work studying multigenerational impacts of Agent Orange.

■ ProPublica's investigation on risk assessments, algorithms used across the criminal justice

system that generate a score predicting a defendant's risk of committing a future crime, found troubling failure rates. Our analysis of the algorithm used in Wisconsin and other jurisdictions showed that it is biased against black defendants, wrongly labeling them as future criminals at twice the rate of white defendants. Citing ProPublica's reporting, in July the Wisconsin Supreme Court ruled that, while judges may consider risk assessment scores during sentencing, warnings must be attached to the scores to flag the tool's limitations.

■ After a series of ProPublica articles identified dozens of cases of nursing home workers posting dehumanizing photos of elderly residents on social media sites, the Centers for Medicare and Medicaid Services in August announced a plan to increase its oversight to prevent and punish such abuse. In a memo to state health departments, the federal agency called on them to ensure that all nursing homes have policies prohibiting staff from taking demeaning photographs of residents, to investigate such complaints, and report offending workers to state licensing agencies for possible discipline.

■ After a 2014 ProPublica and NPR story on Missouri's Heartland Regional Medical Center showed that the nonprofit hospital had for years sued low-income patients over their unpaid bills, Sen. Charles Grassley launched a Senate investigation which concluded in June. As a result of the scrutiny, the hospital overhauled its financial

assistance policy and forgave the debts of thousands of former patients.

■ After ProPublica reported on a court battle between residents of a Manhattan apartment complex and a developer, more than three dozen New York public officials — 12 state senators, 12 assembly members, 13 City Council members and New York City’s public advocate — filed an amicus brief supporting the tenants. Citing ProPublica’s reporting, the brief claimed that the tenants’ leases should have been rent stabilized in exchange for the tax breaks their landlord received. Officials said they joined the case, in part, to demand stronger oversight of an array of rent-stabilization programs that could potentially affect hundreds of thousands of units across the city.

■ Following our report on abuse and neglect at the Carlton Palms Educational Center, a residential facility for children and adults with developmental disabilities in Orlando, Florida officials stationed an investigator at the center and formed a special team to closely monitor staff and residents. Over time, the state will also relocate residents to new homes.

■ Last year ProPublica and AL.com investigated a harsh Alabama law that charges women who used drugs during pregnancy with “chemical endangerment,” a felony that carries a 10-year sentence even if the baby is born unharmed or if the drug is legal. In May, the Alabama

House of Representatives passed a bill to exempt women who use medically prescribed drugs from the state’s law.

■ After ProPublica reported that doctors who took payments from pharmaceutical companies prescribed more expensive, brand-name medications than those who didn’t, two medical journals published studies that confirmed this link. JAMA Internal Medicine found significant evidence that doctors who received meals tied to specific drugs prescribed a higher proportion of those products than their peers, with the share of the drug prescriptions rising with the greater number of meals they received. A Harvard Medical School study found that Mas-

sachusetts physicians prescribed a higher proportion of brand-name drugs the more industry money they received.

■ In 2014, ProPublica and the Washington Post investigated the business practices of USA Discounters, especially the company’s high-priced loans to active duty service personnel. In the wake of our coverage, the company went out of business. In August USA Discounters also settled with the attorney general of Colorado over a suit the state filed last year alleging that the company had charged interest rates above what is allowed in Colorado. The settlement deal included a \$1 million penalty and breaks for thousands of customers on outstanding debt.



Casey Shehi is one of at least 31 women arrested in Etowah County, Alabama, since 2013. “I would see the pictures on the front page of the Gadsden Times but not really pay attention.” Alabama’s chemical endangerment law “didn’t have anything to do with me.” (Rob Culpepper, special to ProPublica)



What People Are Saying

“Can news organizations use data journalism to not only help with stories but to build persistent, automated investigative reports that live on and on? To build what I think of as knowledge utilities?”

“In the United States ProPublica has helped show the way. In pursuing deep investigations into health practices such as the performance of dialysis treatment centers, they built and continue to maintain knowledge utilities like the Dialysis Tracker, a potentially life-saving tool that allows patients to find treatment centers and, most importantly, assess their comparative medical performance—from costs to morbidity rates.

“These explorations into knowledge utilities can provide immense value to the populations journalists serve, and often, for comparatively modest ongoing cost. In fact knowledge utilities can buttress a brand’s perception of value, and, as has been the case with ProPublica, can generate new revenue streams and business models.”

—**Richard Gingras**, Medium, June 15

“The out-of-left-field success of Trump’s presidential campaign has inspired too many What Went Wrong? features to count. ProPublica’s Alec MacGillis put the genre to rest with his historical profile of Dayton, Ohio, cross-published at Politico. MacGillis tracks a half-century’s worth of demographic and socioeconomic shifts that coincided with the region’s transition from a ‘bastion of the GOP establishment’ to a sharply divided area with a cosmopolitan downtown, conservative exurbs, and a gaping political vacuum in between. Most importantly, MacGillis affords supporters of the perplexing man who filled this vacuum a compassion not typically seen in campaign-trail reporting. ‘They were no one’s constituency,’ MacGillis concludes, ‘until now.’”

—**David Uberti**, Columbia Journalism Review, August 2

“[ProPublica] is the most important experiment in media today.”

—**Paul Bascobert**, donor, June 29

Honors

Most journalism awards are bestowed in the first months of the year, when ProPublica was honored with its third Pulitzer Prize, but honors received in the middle period of 2016 included the following:

Our reporting with NPR News, **“Insult to Injury,”** showing how workers’ comp is being dismantled state by state, won the Edward R. Murrow Award for online/audio news series, the Gerald Loeb Award for Distinguished Business and Financial Journalism for explanatory reporting, the Deadline Award for public service, and earned honorable mention for the Molly Journalism Prize.

Our analysis of racial disparities in debt collection lawsuits and wage garnishment, **“Color of Debt,”** won the National Press Club Award for consumer journalism-periodicals and a Deadline Club Award for minority focus. The piece was also a finalist for the National Association of Black Journalists Salute to Excellence Awards in the online news project category, the Gerald Loeb Award for beat reporting, the Data Journalism Awards’ news data app of the year, and an Online News Association Al Neuharth Innovation in Investigative Journalism Award.

“An Unbelievable Story of Rape,” our jointly reported story with The Marshall Project recounting the harrowing hunt for a serial rapist, won the PEN Center USA Literary Award for Journalism and the Deadline Club Award for feature reporting. For his work on this piece and previous reporting on rape, senior reporter T. Christian Miller won the End Violence Against Women International Media Excellence Award.

A collaboration with PBS Frontline that revealed a political death squad that murdered several Vietnamese-American journalists with total impunity, **“Terror in Little Saigon,”** was nominated for an Emmy Award for outstanding investigative journalism—long form.

Our series on **abuse at schools for children with severe disabilities** won the National Award for Education Reporting.

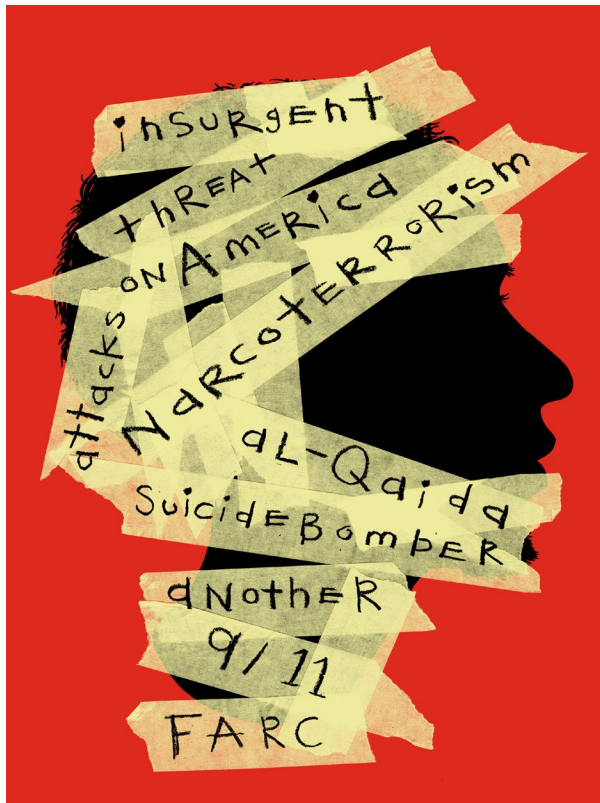


“Terror in Little Saigon” was nominated for an Emmy Award for outstanding investigative journalism — long form.

(Matt Rota, special to ProPublica)

“Killing the Colorado,” our investigation on the water crisis in the American West, won the National Academies of Sciences, Engineering and Medicine Communications Award in the online category, received special recognition from the Knight-Risser Prize for Western Environmental Journalism, and is a finalist for the Online Journalism Award for explanatory reporting.

Our examination of how **police failed to stop former NFL player and serial rapist Darren Sharper** for years won the Society of Professional Journalists’ Green Eyeshade Award in the sports reporting category.



American Illustration selected illustrations from “The Narco-terror Trap” for its annual hardcover collection. (Melinda Beck, special to ProPublica)

“**Surgeon Scorecard**,” which publicized the complication rates of more than 16,000 surgeons nationwide and enabled Americans to compare their results for the first time, won the Deadline Club Award in the category of science, medical or environmental reporting, and the Asian American Journalists Association’s Al Neuharth Award for Innovation in Investigative Journalism, and is a finalist for the Online News Association’s University of Florida Award for Investigative Data Journalism.

Two ProPublica stories were honored with the Sidney Hillman Foundation’s monthly Sidney Award. Our collaboration with the New York Daily News, **exposing startling abuses by the New York City Police Department** under the city’s nuisance abatement law, won the Sidney Award for May, and our reporting on **faulty roadside drug**

tests that are wrongfully convicting people won the award for August.

ProPublica was named a finalist for four other Online Journalism Awards, including the award for general excellence in online journalism. The other nominated projects include our series with the New York Daily News on the **NYPD and nuisance abatement actions** for the Knight Award for Public Service, our **Red Cross reporting** with NPR for an Al Neuharth Innovation in Investigative Journalism Award, and “**Reliving Agent Orange**” for topical reporting

Our investigation into which colleges help low-income students the most, “**Debt by Degrees**,” was a finalist for the Gerald Loeb Award for Images/Graphics/Interactives.

Six ProPublica reporters were named finalists for the **Livingston Awards**, which honor outstanding achievement by journalists under the age of 35: Robert Faturechi for his investigation into a failed super PAC; Jeff Larson for his story revealing how U.S. military officials used cellphones that were vulnerable to hackers; Michael Grabell and Lena Groeger for their project showing how states have dismantled compensation for injured workers; and Cezary Podkul and Marcelo Rochabrun for their reporting on New York City’s broken rent-stabilization system.

ProPublica news applications developer Sisi Wei won the **Data Journalism Award for best individual portfolio**. Wei was recognized for news applications and data visualizations including “Surgeon Scorecard,” “Debt by Degrees” and “Money as a Weapons System,” which let readers browse strange and often wasteful project funded by commanders during the war in Afghanistan.

Several of our illustrations were honored by American Illustration, selected for the organization’s annual showcase of excellence in illustration. Their hardcover collection of winning images will feature three original illustrations from two ProPublica investigations: “**The Narco-terror Trap**,” which raises questions about alleged connections between drug trafficking and terrorism, and “**Deals, Devils and the DEA**,” about how the DEA brought down a vicious Mexican drug cartel with an unsatisfying aftermath.

By the Numbers

1,000,000 AVERAGE UNIQUE PROPUBLICA.ORG VISITORS PER MONTH
UP 2% YEAR-OVER-YEAR

2,400,000 AVERAGE PROPUBLICA.ORG PAGEVIEWS PER MONTH
DOWN 12% YEAR-OVER-YEAR

431,000+ TWITTER FOLLOWERS
UP 2% SINCE MAY 1

144,000+ FACEBOOK FANS
UP 6% SINCE MAY 1

73,000 EMAIL SUBSCRIBERS
UP 1% SINCE MAY 1

700+ DONORS

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