

INFORMATION TRUST AND CREDIBILITY (HTTP://SCALAR.CTL.UTEXAS.EDU/NEWS-LITERACY-A-CITIZENS-GUIDE/INFORMATION-TRUST-AND-CREDIBILITY) (5/5)

Independent Non-profit News as a Futuristic Industry Model (Young)

(<http://scalar.ctl.utexas.edu/news-literacy-a-citizens-guide/about-this-project.11>)

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Introduction

It should come as no surprise that the news industry has and continues to face unprecedented financial burdens that have resulted in a dying industry, specifically in the print newspaper sector. Traditional business models, relying on profits from paper sales and advertising, the previous, primary income source, continue to suffer as the consumer preference for that of the digital whelm continues to grow. Unwilling to pay for a paper product, newspapers have sought to establish a digital-first focus in the hopes of increasing readership and thus forth financial sustainability. Transferring to the “digital-first” mentality does not prove adequate, however, as there is an insurmountable amount of online material to compete with. With much of this news content being free, many consumers are hesitant to pay for newspapers that enforce digital paywalls, making subscriptions an unreliable business model when left uncomplemented. For decades, newsrooms thrived off advertising revenue alone, a primary medium that connected advertisers with purchasing consumers. The digital revolution has vastly changed this advertising landscape, however. According to a Pew Research Report, U.S. newspapers experienced a sharp decline in advertising revenue earning only 14.3 billion in 2018 compared to 37.8 billion in 2008. This is largely due to a decline in print journalism, overall. While advertising has expanded in the digital sense, it is unable to surmount to that acquired by digital advertising giants like Google and Facebook, as advertisers have proven they prefer investing their money in non-news sites. Because of these financial obstacles, newsroom staffs have shrunk by 50 percent since 2007 and therefore, quality, public-service journalism suffers, as journalists must scramble to create readership in an oversaturated digital market. Thus forth, I will be inquiring how the independent, non-profit news model has emerged to combat the financial loss experienced by the traditional news industry in the wake of a 21st century digital revolution.

Case Background

According to *The Elements of Journalism*, by Bill Kovach and Tom Rosenstiel, “the primary purpose of journalism is to provide citizens with the information they need to be free and self-governing”, however, no journalistic entity may do such without the proper funding to carry out this crucial

work. Understanding the underlying causes of financial instability across the news industry, implementable strategies may be explored. While digital advertising has increased even though that of print declines, a shift in the relationship between newsrooms and advertisers has forced journalists to explore new revenue streams. Audiences obtained by newsrooms were once a hot commodity sold to advertisers for lush profit and therefore, news content could be sold to individuals for very little. Today, consumer's still desire cheap or cost-free, yet engaging, sources of credible information, although advertisers seek not the newsrooms' help in gaining their attention. Already struggling to maintain lost trust with their ever-distracted audiences, newsrooms cannot base their income on reader subscriptions alone, either. Rather, by relying on neither advertising nor subscriptions, the non-profit news model presents itself an increasingly appealing business alternative in creating quality, service driven journalism.

Defining Non-profit

Non-profit news organizations are entities that still operate to generate revenue, however, do not have to provide returns to a certain owner and are prohibited from doing so to anyone other than the non-profit recipients (Shaver, 2010). This Newspaper Research Journal report states that quite often, "non-profit organizations arise to meet a socially desirable need as a result of difficulties in predicting fluctuating demand for a good or service" (Shaver, 2010, pg. 18). In 1989, seasoned journalist, Charles Lewis, pioneered an effort to meet such need by founding the Center for Public Integrity, known as one of America's oldest and largest non-profit news organizations that focuses on supporting investigative journalism. Although not essential for non-profit status, investigative reporting has been a prime emphasis of such model that is often neglected by struggling newsrooms focused on the day to day news grind. Free from the financial pressures experienced by for-profit newsrooms who must publish revenue-driving content, non-profit news entities may greater serve journalism's public service aspect.

Revenue Funding

Viewed as a public service organization, the non-profit model relies heavily on foundational grants and outside donors. The non-profit National Public Radio (NPR) and Public Broadcasting Service (PBS) were founded in direct response to a plan issued by the Carnegie Commission on Educational Television that directed to a nationwide plan for public television and radio as a U.S. institution to be run by the Corporation for Public Broadcasting (CPB) (Lewis, 2007). Charles Lewis states that such institutionalized funding was crucial in the formation of these organizations that still successfully exist off philanthropic contributions, today. According to a 2018 report from the Institute for Nonprofit News, of the 88 non-profit newsrooms surveyed, 57 percent of all revenue generated in the 2017 fiscal year was from donating foundations (Institute for Nonprofit News, 2018, pg. 9). While non-profit newsrooms have existed since the Associated Press, in 1864, according to Lewis there has never been a greater need for independent, credible information" (2007). The New York Times reported in 2016 that the Center for Public Integrity experienced donations up 70 percent from that of the same period in the year prior. With the non-profit model, however, the trend of revenue diversification appears, with the largest majority of Institute for Nonprofit News outlets, at 34 percent, relying off four or more sources of revenue. Individual, small donors, membership programs, sponsorships, advertising, and events are referenced as alternative, supplemental avenues.

Perspectives to Ponder

One issue that arises with the non-profit model, however, is that of the free-rider, mentioned by accredited researcher and professor, Magda Konieczka, in her book, *Journalism Without Profit* (2018). As this model produces a public good that is non-rival and non-excludable, often, readers who do not pay are able to enjoy the same benefits as those who are. Another issue is the instability of donation-backed support. Referencing again to the New York Times, the Center for Public Integrity had experienced a crippling deficit before an influx of support in 2016 (Fandos, 2016). Even still, however, as virtual content multiples, media monopolies like Google and Facebook take over the atmosphere, where it is likely that big-name companies like the Times, Washington Post, and The Wall Street Journal, among others, are able to survive off the traditional, print-based model, the non-profit model appeals to local industries hit hard by declining readership and financial debt. With the majority of non-profits focusing on state-wide coverage (Institute for

Nonprofit News, 2018, pg. 7), such as the Texas Tribune, the state's only independent, non-profit news site that covers Texas policy and politics, readers are provided the in-depth coverage of what is happening in their own backyard. Ultimately, it is this deep-dive, locally focused reporting that is proven to gain not only the attention but eventually profits of consumers, hungry for news that serves their personal needs just as good journalism should. Thus forth, donations allow the freedom and resources needed for quality reporting, while readers are naturally attracted to such refreshing content and likely to freely contribute. In such ways, a non-profit news organization's financial stability may increase all the more.

Analysis

Searching beyond financial strategy, the non-profit news model arises to meet a series of deep-seeded discrepancies existing between the media and its consumers that has only been escalated in recent years. Although much of the financial burdens experienced by the industry have emerged as journalists proved slow to adapt to changing technological mediums, news media trust and the inherent value Americans place in the country's press prove some of the most influential factors in the state of U.S. media today. Where the consumer's dollars go so do their loyalties. Why then, have American loyalties to a free and thriving press declined?

Redefining Relationships

Straying away from its traditional gatekeeper role in a media-frenzy market, trust in the news continues to decline. According to a 2018 report from the Knight Foundation, 69 percent of U.S. adults reported that their trust in the news had declined over the last decade. Media isn't the only institution in which Americans are expressing their doubts, however. A study conducted by Pew in July of 2019 found that Americans are distrusting of not only the media but of the federal government as a whole and also, each other as citizens (Raine, Keeter, & Perrin, 2019). These intricate inadequacies mustn't be ignored in the pursuit of revitalizing a struggling yet fundamentally free press. As founding father, Thomas Jefferson, once said, "Our liberty depends on the freedom of the press" (Jefferson, 1786). In times of distrusting turmoil, the press must pursue its watchdog role in providing citizens with the information they feel is not being relayed in an accurate or timely manner. There is a longing for news media that not only verifies information but investigates its origins. As Americans struggle to trust even the most established of truth-seeking institutions, pursuing Kovach and Rosenstiel's roles of the news as "an independent monitor of power" and "forum for public criticism and compromise" become more crucial than ever. Non-profit news meets this need by homing in on the public service aspect of journalism that has been isolated from that of the commercial, as journalism that prioritizes quality over quantity requires greater funding. Journalism Without Profit author, Magda Konieczka, states that public service journalism primarily exists to "afflict the comfortable" and is thus forth "required by democracy" (Konieczka, 2018).

The Public Service Purpose

According to economic scholar and journalist, Phillip Meyer, "the only way to save journalism is to develop a new model that finds profit in truth, vigilance, and social responsibility", something Charles Lewis hoped to address when he created the Center for Public Integrity that still supports non-profit, mostly investigative news, today (Lewis, 2007). In 2014, the Marshall Project was founded as an online, non-profit news site to cover the U.S. criminal justice system, an important issue founder and chairman, Neil Barsky said isn't a commercial topic (Anft, 2014). Open Society Foundations supported the Marshall Project with a \$50 million donation a week before its launch, along with help from other philanthropies such as the Ford and John D. and Catherine T. MacArthur foundations. A Marshall Project donor described what he believes to be modern day civil rights work as music to his ears. In such times of hidden injustices, this invaluable public service has garnered the support of the wealthy and elite who may afford to support such crucial work as the rest of the public is able to find value and meaning in donating their dollars to non-profit news organizations, overtime.

Maintaining Independence

While the non-profit model works to address an ever-growing need for public service, accountability journalism, its independent stance remains crucial in not only the financial sustainability of this

model but in its bridging of public divides. Political polarization sits at an all-time high as party divides over values continue to increase and consequentially, affecting the skepticism in which individuals consume their news. According to a 2018 report from Pew Research Center, only 30 percent of Republicans reported confidence in journalists while Democrats soared about at 76 percent (Pew Research Center, 2018). “Thanks to the characteristics of the online space, such as more choices in media sources and networks and more effective filtering tools”, as states in the 2014 *Journal of Communications*, individuals are often prone to consume like-minded points of view “leading them to form more extreme opinions in the direction of their original inclination” (*Journal of Communication*, 2014). Independent news combats this discrepancy by reporting with a scope that is free from government or corporate interests. As consumers are likely to donate their dollars to partisan media companies that support their own views, the philanthropic support of non-profit news entities becomes even more crucial for the survival of independent, non-partisan news coverage.

Looking Forward

Lastly, independent, non-profit news may be the answer for sustaining the local journalism that has not been able to survive amidst the digital revolution. With the traditional twentieth century model, a few local publications competed for readers and the advertisers who sought these audiences. Today, however, media from around the world is available at the touch of fingertip and if a paywall is to arise, one is likely to find similar information for free. Therefore, as previously discussed, the independent, non-profit news model allows for meaningful journalism to exist in spaces where it is not being met by consumers adequately and in turn, philanthropic contributes may fill in these gaps. Although individual contributions should not be neglected all together, grant and foundational support may set a precedent by supporting the coverage of investigative topics in which these donors prize as a public service deeming of financial merit. Even still, no perfect business model exists for modern day news, however, the independent, non-profit model may serve as a saving grace for meaningful news coverage that digs deep and hits home, just as a free and thriving press should.

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Appendix

3 ways to fix a broken news industry – Journalist, Lara Setrakian explains issues facing the news including a decline in trust and how quality reporting slips through the cracks. Three strategies are

discussed in facing these industry-wide issues.

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