

**Institute for
Nonprofit News**

INN Index: The state of nonprofit news

2018 SURVEY REPORT

October 2018

About INN

The Institute for Nonprofit News is a network of more than 180 nonprofit, nonpartisan news media, together strengthening the sources of trusted information for thousands of diverse communities. INN was founded in 2009 to foster a new collective of newsrooms serving the public interest. Today it functions as an innovation network, helping members develop new ways to support journalism and engage communities, providing business, technology and leadership support and a framework for collaboration. INN's work helps newsrooms bring investigative and civic news to more people, hold the powerful accountable and strengthen democracy.



**Institute for
Nonprofit News**

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INDEX, VISIT [HTTP://INN.ORG/INNINDEX](http://inn.org/innindex)**

About the survey

The survey of members of the Institute for Nonprofit News was conducted online in March-May 2018. A total of 149 INN members were invited to complete the survey. This report reflects responses of 88 participants to an extensive questionnaire that yielded about 200 data points about each publication's journalistic mission, revenue performance, budgeting, engagement and distribution practices. The responses reflect performance during each publication's fiscal year ending in 2017. Following the field period, data were cleaned for inconsistencies, missing entries and reporting errors.

The survey sample reflects a 59 percent response rate and is representative of all INN members. It gives a robust picture of the general state of nonprofit news publishers. Because the total current population of U.S. based nonprofit news publishers can be estimated but is not fully documented, these data should not be taken to scientifically represent all U.S. nonprofit news outlets, not all of which belong to INN. A further note about the nature of the population being studied: While some public broadcasters belong to INN, the typical member is digital-born rather than a public radio or television outlet. As such, these findings should not be taken to reflect trends in the broader world of all public media.

The survey is the first phase of the INN Index initiative, which will track progress and trends in the field with periodic surveys and will enable INN members to compare their performance to that of similar publications.

Foreword

The growth of nonprofit news is a silver lining story.

Until 10 years ago, nonprofit news was generally mentioned as a footnote on the tax status of a few dozen investigative news outlets. Today, the U.S. has more than 200 nonprofit newsrooms and growth is accelerating. Through a decade of economic turmoil, a new kind of journalism has emerged.

From neighborhoods that want reliable local news to readers seeking expert coverage of complex national issues, Americans increasingly find some of their most significant journalism coming from nonprofit newsrooms.

This INN Index report offers the most comprehensive look so far at the state of nonprofit news. It is intended to be a replicable baseline study that can provide the sector with consistent, regular data. Our aim is to help nonprofit news leaders benchmark their performance, surface trends and speed adoption of successful approaches to supporting news. This report provides an overview of the findings. It is just a beginning, and we hope this data will lead to further research and be a resource for many who support and study media development.

Development of the INN Index was generously supported by the Democracy Fund and is a project of the Institute for Nonprofit News, a network supporting more than 180 nonprofit, nonpartisan newsrooms. Nonprofit news today covers many types of journalism, characterized by original, expert reporting and a mission to serve the public good.

Despite relatively small size, these mission-driven newsrooms are beacons of quality journalism. In the prestigious Online Journalism Awards, half of the 2018 news finalists came from nonprofit newsrooms, a stunning share for a sliver of the media industry. They increasingly win public support as well. In just one year-end fundraising campaign, NewsMatch 2017, the public donated \$33 million to support nonprofit journalism, much of that from first-time supporters.

We are grateful for the generous time and openness of the 88 newsrooms that participated in the 2018 INN Index study. Through the information they share, we can strengthen the vital role their journalism plays in our democracy.



Sue Cross
INN Executive Director & CEO

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Executive Summary

No longer a novelty, nonprofit news has established itself over the past decade as a fast-growing field within journalism, producing original and in-depth reporting, according to the most comprehensive collection yet of data about its scope and composition.

The more than 180 members of the Institute for Nonprofit News have a total estimated staff of about 3,000 — including nearly 2,200 journalists — and combined annual revenue approaching \$350 million.

They share with legacy media knotty challenges around audience development, distribution and finding new sources of revenue to support their reporting. But the field is starting to develop multiple sources of funding and diverse revenue strategies to fit the range in their missions and the types of communities they serve.

This INN Index is based on in-depth surveys of 88 news organizations and data from the full INN membership. All are 501(c)3 nonprofits whose primary mission is journalism, which can be characterized by their focus on original reporting and commitment to standards of editorial independence and transparency.

Among key findings:

Nonprofits focus on original reporting and deep coverage of civic issues

In-depth coverage of public affairs is a hallmark of the field: Forty percent of the nonprofits are primarily investigative, and one in four regard their main mission as analysis and explanatory journalism.

They focus on topics in the public interest. About two-thirds cover government. Two-thirds cover the environment, half cover education or social justice and inequality. Single-subject news is one of the fastest-growing categories in nonprofit media: publications where specialized journalists cover a single topic, in-depth. A third of news nonprofits focus on a single subject such as health, education, environment or justice.

While tiny by the standards of legacy news companies, the nonprofit sector generates an outsize amount of original journalism and the types of reporting that require significant investments of time and expertise. In a troubled news environment marked by cutbacks at traditional outlets, information vacuums, and the rise of misinformation disguised as news, the nonprofits are providing original and in-depth reporting to many other media as well as directly to the public.

The revenue terrain is improving and stabilizing

The field has moved from precarious financial footing to a measure of stability and growth. Though many individual outlets remain financially fragile, more than half of the organizations generated revenues of \$500,000 or more in fiscal year 2017 and well over

a third generated \$1 million or more. The entire INN membership is now generating an estimated \$325 million to \$350 million in annual revenue.

That is a much stronger position than in 2015, when INN found that slightly fewer than a third of its members topped the half-million mark, and the largest share, four in 10, were in the \$100,000-\$500,000 range.

In 2015, nearly a third were under \$100,000; in the latest survey, fewer than one in 10 reported annual revenue at that level.

The nonprofit field is still highly reliant on charitable giving, with grants and donations accounting for 90 percent of total revenue. Efforts to diversify revenue streams, a key indicator of financial stability, are evident: More than half have three or more revenue streams, and one-third have four or more.

Still, individual donors and particularly major donors are relatively undeveloped revenue sources for news nonprofits, making up one third of total revenue for the organizations in the INN Index. By comparison, individual donors provide more than 70 percent of revenue for all nonprofits across the U.S., according to Giving USA.

Earned revenue efforts also are nascent and show significant room for growth. With just 10 percent of revenue from fees and services on average, most news nonprofits lag the leaders in their own field and the charitable world overall in developing earned revenue streams.

In a young field, age matters

The field is dominated by outlets that launched in the past decade amid major cutbacks by traditional news organizations. Three-quarters of the nonprofit news organizations launched since 2008. The typical outlet is 8 years old.

Time is a key factor: More mature organizations stand out for their higher revenue and greater reach online. But some young organizations now start out seeking multiple revenue streams, an approach that may prove advantageous as they mature.

Lean operations invest heavily in editorial

Nonprofit news outlets are lean operations that pour two-thirds of their resources into editorial operations, their core mission.

However, they devote one-tenth of their budgets to revenue development. That represents an underinvestment by a young field that is working to establish itself, grow and diversify revenue sources.

The spending patterns are within normal or recommended benchmarks for nonprofits overall—to win Charity Navigator’s top financial fitness ranking, a nonprofit must attest that it doesn’t spend more than 10 percent of its budget on fundraising, for example.

However, the INN Index shows that maturity brings more aggressive investment in revenue generation: News outlets that are at least a decade old invest more than startups in building revenue, 15 percent or about double what startups spend in their first two years of operation.

Shifting resources to development is a challenge: Half of all news nonprofits have eight or fewer full-time equivalent employees. Independent contractors make up nearly a third of the labor force.

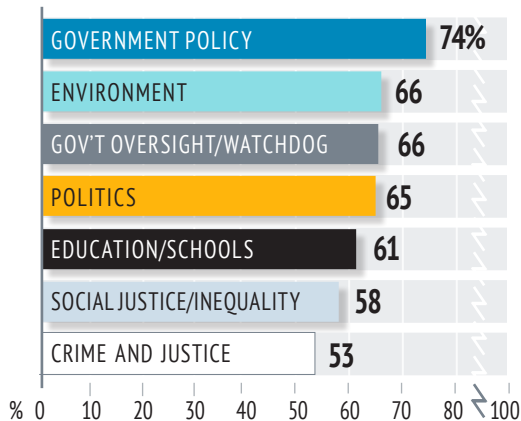
PRIMARY MISSION

% OF OUTLETS
FOCUSING ON _____



WIDELY COVERED TOPICS

% OF OUTLETS THAT COVER _____



Audience development poses a challenge

The nonprofits as a group face a dilemma: Do they rely on other publications to distribute their work or build a direct web audience from scratch? The answer may be to do both, and experimentation is likely to continue as media distribution patterns continue to shift.

About one-third reach most of their audience on third-party platforms such as newspapers, broadcast outlets or other online news organizations. Another third have developed their own audiences; they reach most of their readers directly via their own website. The remaining third fall somewhere in between or are pursuing both strategies.

As traditional media continue to lose audience and value as distribution partners, many publishers are looking to increase their direct connection with audiences and distance themselves from the turmoil in social media. As it is, the audience that comes directly to their websites is relatively small: Web traffic for the typical nonprofit newsroom is under 500,000 users per year. Email newsletters also are an area for growth, both as news products and a way to reach and develop financial supporters.

CHAPTER 1:

Emerging source of in-depth news

Nonprofit newsrooms forming in the last decade have not only filled information gaps left by cutbacks at traditional media but have done so with in-depth and watchdog journalism focused on public affairs.

While tiny by the standards of legacy news companies, these nonprofits hold promise after the loss of nearly a quarter of U.S. journalism jobs — 27,000 newsroom positions — eliminated from 2008 to 2017, a time of information vacuums and the rise of misinformation disguised as news. A counterweight to forces that threaten public understanding of the facts, nonprofit news organizations exist to produce original in-depth journalism and engage the public in important topics of civic interest, regardless of commercial interest.

The INN Index, derived from a March-May 2018 survey of 88 nonprofit news organizations that are members of the Institute for Nonprofit News, portrays a young and growing sector of journalism that is establishing roots in this highly challenging news environment.

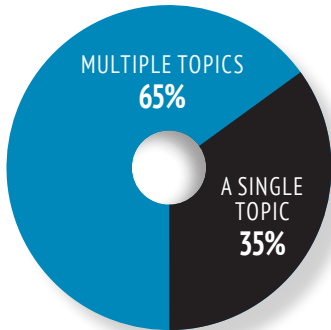
Focus on beats and watchdog journalism

These organizations fill gaps in the news and information system by offering high-quality original journalism that goes deep on key civic topics.

At least eight in 10 organizations are producing in-depth journalism and an equal share count at least one investigative reporter on staff. Nearly 40 percent say they are primarily

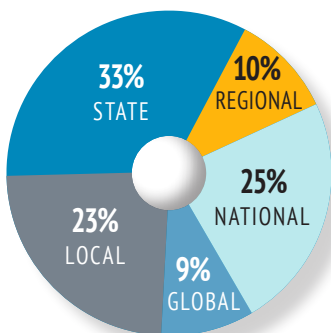
COVERAGE SCOPE

% OF OUTLETS
THAT COVER ____



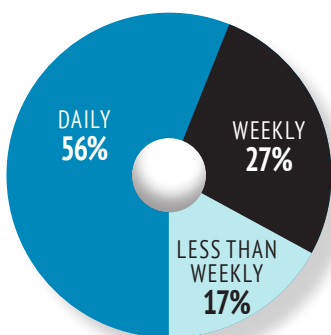
GEOGRAPHIC SCOPE

% OF OUTLETS
FOCUSING ON ____ AFFAIRS



PUBLISHING FREQUENCY

% OF OUTLETS



investigative and 23 percent focus on another kind of in-depth journalism: producing analysis and explanatory pieces.

More than half publish daily and eight out of 10 publish at least weekly.

Keeping public information open is an important role for nonprofit newsrooms. Nearly half filed 10 or more Freedom of Information Act (FOIA) requests in 2017 to force release of public documents that the government was keeping secret. One national organization, [MuckRock](#), which helps other media and citizens file FOIA requests and then serves as a repository for government documents, accounted for a whopping 15,000 of more than 20,000 FOIA requests filed by surveyed organizations.

Unlike traditional news organizations that cover an array of general news and often sports and other light fare, the nonprofits tend to go deep on one or a few topics in the public interest.

Two-thirds or more cover government policy, politics or focus on government watchdog or accountability reporting. Of public affairs topics, top subjects are environment and education, followed by social justice and inequality, and criminal justice. A third of nonprofit newsrooms focus on covering a single subject.

Geographic focus spans local to global

One-third of news nonprofits cover a state, typically statehouse government or politics, steadily filling a gap that has grown as traditional news organizations cut costs and withdrew from covering state government. In some cases, including CALmatters in California and VTDigger in Vermont, the nonprofit has a larger contingent covering the statehouse than any other news organization.

Beyond state coverage, the sector spreads across a mix of territory sizes and types, from neighborhood-level newsrooms and citywide publications, to others focused on multistate regions and a robust number of national and global news operations.

Growth spurt began a decade ago

Nonprofit news organizations generally are generally very young. The oldest INN member started publishing in 1897, but the typical nonprofit newsroom is just 8 years old.

There was a spike in news startups in 2009-2011. Nearly half of the survey respondents launched in those three years, and three-quarters of the entire field has launched since 2008. As the retrenchment of newspapers deepened and journalists left them in droves, many sought new ways to provide critical journalism to their communities.

Concerned about emerging news gaps and encouraged by initiatives such as the Knight Community Information Challenge, forward-looking foundations engaged as supporters of nonprofit news.

The [Community Foundation of New Jersey](#) is a good example. It played a pivotal role in the founding of NJ Spotlight, which covers state government, after the state's largest newspaper cut its staff by 25 percent.

"They got rid of the education, environment and healthcare beats — issues that we cared about because they're important to the health of our communities," recalls Hans Dekker, president of the community foundation, on what prompted its support of the startup.

Diverse missions and models

While investigative organizations continued to emerge, the period from 2011-2015 saw greater growth in newsrooms that primarily produce analysis or explanatory journalism. These also are more likely to focus on a single topic. Many of them emerged as newspapers cut specialized beat reporting positions, and they tend to both report directly to the public and also provide expert coverage to other media.

Newsrooms that cover mostly current news and events have grown much more slowly, with only three established before 2008 and fewer than two per year on average since then.

The publishing frequency, geographic scope and topic focus of publications now is shaping their business models, approaches to revenue generation and distribution.

A decade ago, would-be publishers had few models to look to in nonprofit news, and optimistic expectations about financing and reaching audiences quickly proved unrealistic, according to Brant Houston, Knight Chair in Investigative and Enterprise Reporting at the University of Illinois and an INN co-founder and board secretary.

That, too, is changing as the field advances. While experimentation continues, accumulated experience is accelerating the pace of progress, said Laura Frank, president and general manager of news at Rocky Mountain PBS and chair of the INN board.

"We've got a body of experience that will shorten that learning curve for people just starting out. People starting now will learn much faster than we did 10 years ago," Frank said.

That does not mean the field is without significant challenges. This report explores evolving efforts to generate revenue as well as organizations' struggles to gain visibility and cement their brands.

CHAPTER 2:

Revenue

Nonprofit news organizations put down financial roots as they mature, and the total financing of the field has grown substantially.

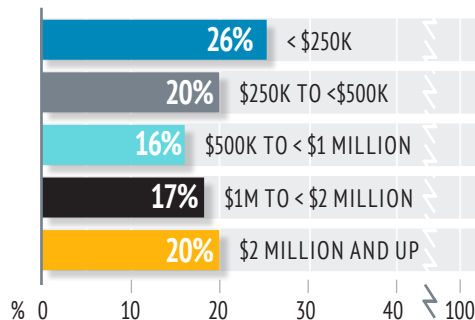
Estimated annual revenue for the more than 180 INN member organizations ran between \$325 million and \$350 million in 2017. Individual outlets also are building financial strength, across the field.

When INN surveyed members in 2015, only 30 percent topped the half-million-dollar mark in annual revenue and a much smaller number of those had \$1 million or more. The largest share, 40 percent, reported 2015 revenue between \$100,000 and \$500,000, and 30 percent were under \$100,000.

By fiscal 2017, more than half of nonprofits in the INN Index generated revenues of more than \$500,000 and well over a third generated \$1 million or more. Only 9 percent generated less than \$100,000.

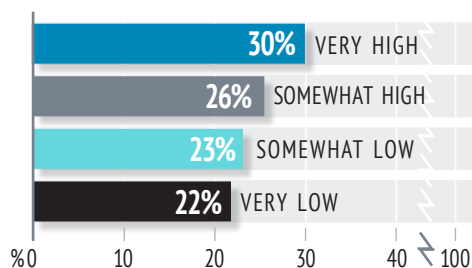
TOTAL REVENUE 2017

% OF OUTLETS THAT GENERATED \$ _____

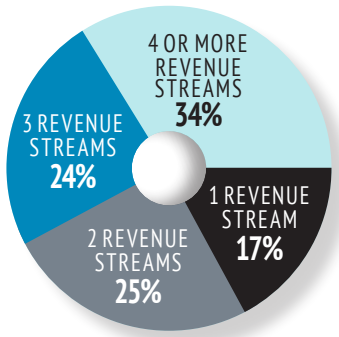


FOUNDATION SHARE OF OUTLET REVENUE

% OF OUTLETS DRAWING A _____ SHARE OF REVENUE FROM FOUNDATIONS

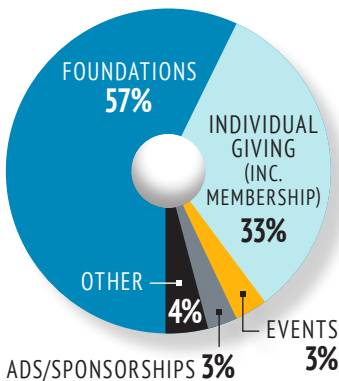


REVENUE DIVERSITY
% OF OUTLETS THAT HAVE



REVENUE STREAMS

% OF TOTAL NONPROFIT NEWS REVENUE FROM —



LARGE AND SMALL DONOR REVENUE STREAMS
IN MILLIONS OF DOLLARS



Efforts to diversify revenue sources also appear to be paying off. While prior comparisons aren't available, more than half of news nonprofits in 2017 report three or more sources of revenue, an important indicator of financial stability. A third of them have four or more sources.

Diversifying revenue

Philanthropic funding fuels 90 percent of nonprofit news organizations' total revenue. Foundation grants accounted for well over half of the total revenue in the field, but only 30 percent of news nonprofits rely on foundations for 75 percent or more of their funding.

Individual donations, including large gifts and membership dues, accounted for a third of revenue. The remaining 10 percent derived from earned sources such as advertising, events and sponsorships.

Age and type of organization correlate to different mixes of revenue streams as organizations refine models that match their missions and their communities.

Older organizations often have a higher share of foundation funding; local and state organizations generate more revenue from individual donations. This pattern may reflect the concentration of foundation funding in a few national news operations, which was one finding of a 2018 report by the Harvard Kennedy School's Shorenstein Center and Northeastern University professors. It also reflects changes in how startups approach their financing.

Newer organizations are working quickly to develop multiple sources of revenue.

Developing revenue streams from multiple sources is critical to the stability of an organization, so that the loss of one stream is not catastrophic, as it would be if only one or two sources were available. The fact that more than half the publishers reported three or more funding streams and one-third reported four or more is an important milestone in the quest for sustainability.

CALmatters, a younger organization that covers multiple topics involving California state government, is typical of news sites charting an aggressive path to diverse revenue sources, including non-charitable ones.

CALmatters launched in 2015 with funding from large donors, some of whom sit on the organization's board of directors. In 2016, the organization expanded its charitable base to include foundations, according to Publisher and COO Marcia Parker, growing that source to nearly \$400,000, or 16 percent of its total revenue of \$2.5 million in 2017. While large donations accounted for 80 percent of CALmatters' revenue in 2017, the organization has grown revenue from a public membership program that launched in 2017 and has 600 members. Sponsorships and a new membership program for corporations and institutions raised more than \$58,000 in 2018.

Parker, who is a member of INN's board, expects revenue to top \$3 million in 2018. "The growth has been steady and it's a slow steady," she said.

The Rivard Report, which launched in San Antonio, Texas, in 2012, is even further along the revenue diversity track. Longtime editor Robert Rivard started the operation as a blog, which sold advertising. When it converted from a for-profit to a nonprofit more than three years later it attracted large donor support, according to COO Jenna Price Mallette. It quickly added foundation underwriting for beat coverage, a membership program, and events primarily with sponsorship revenue.





SNAPSHOT: LOCAL ORGANIZATIONS

▲ Outlets that cover a city or community make up about a quarter of the nonprofits. Their funding, journalistic mission and publication practices vary from their counterparts.

Local outlets are more likely to cover multiple topics and to focus on news and events. They are more apt to reach most of their audience directly rather than through third-party publications. They received less foundation grant funding and more funding from other charitable sources than other organizations.

Examples: [The Rivard Report](#) in San Antonio, Texas, [MinnPost](#) in Minnesota, [Voice of San Diego](#) and [Voice of Orange County](#) in Southern California focus on larger local markets.

By 2017, the organization reported that 38 percent of total revenue of \$1.74 million came from foundations, 17 percent from advertising, 16 percent from memberships, 13 percent from event sponsorships and 11 percent from large donors.

“We are always seeking opportunities to diversify our revenue streams,” Mallette said.

The INN Index also shows that the organizations that launched in 2008-10 — and matured in an environment in which key charitable supporters urged revenue diversification — were more likely to have four or more revenue streams than counterparts that came before or after.

Different funding mixes

Organizations that focus on a single topic such as education or the environment tend to attract more foundation funding and a smaller share of donor funding than their more general counterparts. As a group, single-subject organizations derived more than two-thirds of all their revenue from foundations, while foundations accounted for half of the total revenue of more general publications.

Topical publications can tap a much broader foundation support base.

EdSource, an education news organization in California, relies on foundation grants for more than 90 percent of its \$2.3 million in annual revenue.

Education is a topic of high interest to foundations, giving EdSource an advantage in attracting grant support.

“Education is a common priority in the philanthropic world,” said Executive Director Louis Freedberg. “If you look at foundations interested in journalism only, you shrink the universe of foundation sources dramatically.”

EdSource in 2018 had 12 active grants — all of them from education funders, none from journalism funders per se, though two of the 12 do fund a few other journalism projects.

EdSource, a 40-year-old organization that launched a journalism component in 2011, is discussing potential new streams including tapping into potential large donors in the state. However, Freedberg said foundations are likely to remain the organization’s fundraising mainstay.

There are other variations in funding sources based on journalistic mission, geographic scope and other factors.

- Local news tends to draw from a greater variety of revenue sources. Nearly three-quarters of state-based publications had three or more streams. Local and state organizations receive significantly more individual donations than others, perhaps reflecting their more direct engagement with readers and local civic leaders.
- Regional, national and global organizations tend to get more foundation funding, with two-thirds of the group’s total revenue coming from grants.

Donor development

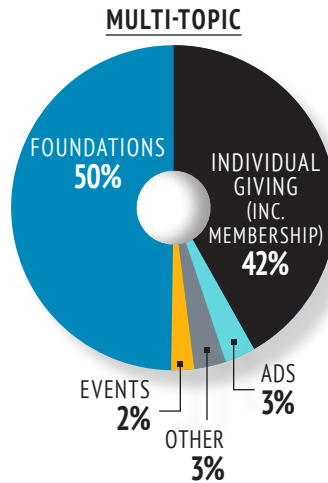
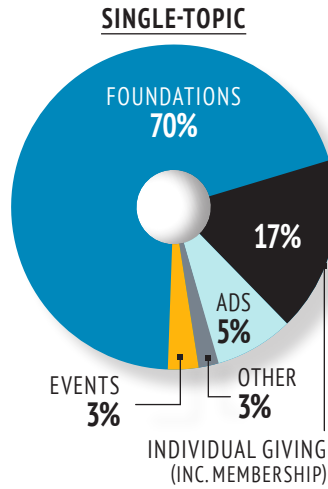
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By comparison, individual donors provide more than 70 percent of revenue for all

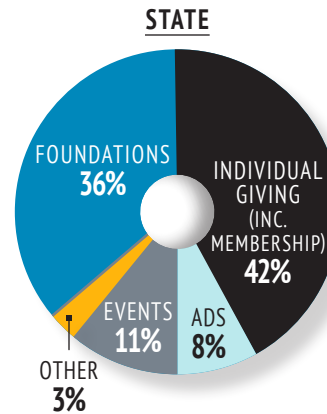
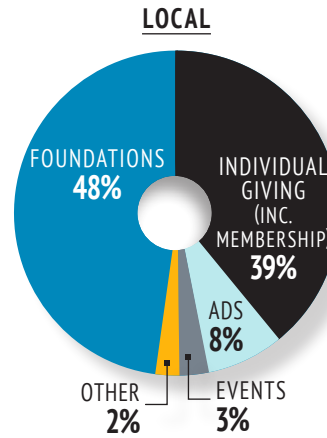
REVENUE STREAMS OVERALL

% OF TOTAL REVENUE FROM

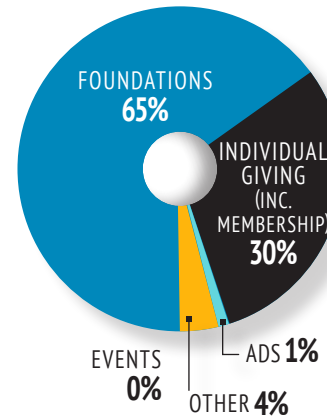
BY COVERAGE SCOPE



BY GEOGRAPHIC SCOPE



REGIONAL/NATIONAL/GLOBAL





SNAPSHOT: INVESTIGATIVE ORGANIZATIONS

▲ A boom in nonprofit launches in 2009-10 was fueled by the rise of free-standing nonprofit investigative news organizations. They made up about half of the nonprofit news outlets launched during that time period.

Given the depth of their work, investigative organizations are less likely than their counterparts to publish daily and more likely to distribute their work on third-party platforms such as the local newspaper. They are highly dependent on foundation grants as a group.

Examples: At the national level, [ProPublica](#), [Reveal](#) and the [Center for Public Integrity](#) are among top investigative outlets. At the state level, [Wisconsin Watch](#) and [The Hummel Report](#) in Rhode Island produce investigations. In San Diego, [inewssource](#) produces local investigations with a focus on data.

nonprofits across the U.S.; according to Giving USA's 2017 report, and nonprofits generally report major gifts make up close to 90 percent of individual giving dollars.

Major gifts — counted here as donors who give \$1,000 or more in a year — account for nearly 25 percent of nonprofit news revenue. For nearly 15 percent of newsrooms, major gifts provided at least half of their revenue.

While organizations such as CALmatters and The Rivard Report received an early boost from large donor commitments, grant-funded organizations and bootstraps often find donor development highly challenging. Identifying major donors, cultivating them and reaching an agreement can be a months—long or even years—long process.

Nevertheless, Frank, the INN board chair, said the time was ripe for nonprofit news organizations to tap into heightened public concern about access to factual information in the current political climate.

"The public is finally catching up to the seriousness of the situation and coming forward," Frank said. Raising money from "individual donors is becoming a much bigger focus as the public becomes more painfully aware of the tremendous needs."

Frank said experience has taught nonprofit news organizations the limits of foundation funding. "One of the big realizations for the sector is one of the most reliable streams is the individual donor. That is a heavy lift that is difficult for an organization to develop. It takes quite a bit of money to raise quite a bit of money."

Membership and individual donors

Several funders, including the Democracy Fund, Knight Foundation and the MacArthur Foundation, sponsor a huge year-end matching campaign, [NewsMatch](#), to help nonprofit news organizations raise money and strengthen their individual donor development capacity. The program directly generated \$4.8 million of \$33 million that nonprofit news publishers raised in late 2017. In 2018, [more than 150 nonprofit publications are participating in NewsMatch](#). The program matches donations of up to \$1,000, so it is strengthening the base of individual donors that can support reader revenue initiatives and membership.

Membership is an emerging revenue strategy for nonprofit news, fashioned largely after a public media model that encourages listeners or viewers to make small monthly recurring donations in exchange for benefits, such as access to events.

About one-fourth of the publications in the survey reported membership revenue (although additional organizations may fold membership into small donations). Among organizations that are not affiliated with public media, membership revenue accounted for 1 percent to less than a third of total revenue.

Mary Brown, CEO of the nonprofit News Revenue Hub, which helps news organizations develop and quickly build membership programs, recommends that clients set a goal of 25 percent of total revenue from memberships.

Mallette said members are key to diversifying The Rivard Report's revenue portfolio, as event attendees and potential major donors. They are evangelists for the organization.

"They are brand supporters," Mallette said. "Our growth at this point is pretty much all word of mouth. If we didn't have members we wouldn't have that word of mouth."

17 of the 24 nonprofits with syndication revenue were investigative or explanatory organizations

Syndication revenue

Twenty-four out of the 88 INN Index organizations reported syndication revenue, mostly in the single digits as a percentage of total revenue. Half reported that 2 percent or less of their total revenue came from this source. Many organizations receive philanthropic funding to distribute their work as widely as possible, for free, as a public service.

Again, journalistic mission may play a role: 17 of the 24 nonprofits with syndication revenue were investigative or explanatory organizations that have the capacity to produce stories that other publications are not doing.

Specialized publications may have an edge in marketing their content for syndication.

The Food and Environment Reporting Network, for example, derived more than \$100,000, nearly 12 percent of its total revenue, from syndication and subscriptions to a newsletter about agriculture.

Tom Laskawy, publisher and executive director, said FERN has the potential to increase the number of subscriptions, which in turn creates a potential venue for sponsorships. Still, Laskawy said, earned revenue will never edge out charitable revenue.

“For a subject-specific organization that doesn’t have its own (distribution) outlet, profitability is not an option. I see growing earned revenue, but we are destined to be a philanthropy-supported organization.”

Publishers sometimes find the idea of charging others who publish their content at odds with a mission to achieve wide reach for their work as a public service and to show funders they are having an impact.

Chalkbeat, which covers education in seven cities, had revenues of nearly \$3.7 million in 2017, more than 90 percent of it from grants. Chalkbeat allows free publication with a variety of news outlets including local newspapers and public media.

“We don’t see (syndication) as an immediate source of revenue. We’re mostly working with local publishers so there isn’t a lot of money on that end. It’s a public service,” Chalkbeat CEO Elizabeth Green said.

Other earned revenue

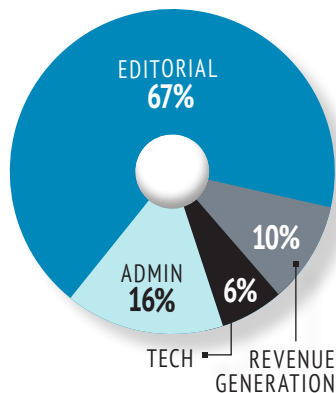
All earned revenue sources continue to play a much smaller role in the revenue mix than charitable sources. Earned revenue accounted for only 10 percent of the total across the field.

Beyond syndication, other earned sources include:

- **Advertising:** One-third of the publications reported revenue from display advertising, with the median share of their total revenue just over 7 percent but ranging as high as 35 percent.
- **Events:** Organizations that stage events, such as workshops or forums for meeting with policy makers or public officials, derive the biggest share of the revenue from sponsorships by corporations or institutions that have an interest in the event topic. Few charge for tickets. Twenty-three organizations, mostly state outlets, reported revenue from event sponsorships. The median share of total revenue from event sponsorships was 4 percent, although one well-established organization reported nearly half its revenue came from these sponsorships. Not all organizations stage

OPERATING EXPENSES

% OF TOTAL NONPROFIT NEWS SPENDING ON ____



events in order to directly obtain revenue – community engagement and donor development are among the goals of many of these events.

- **Other sponsorship:** Nineteen organizations reported revenue from other types of corporate or institutional sponsors, typically highlighted on the news website. But amounts are small — the median share of revenue from this source was less than 2 percent for this group as whole, ranging as high as 21 percent at one organization. These low numbers may reflect an underemphasis on sponsorship development and the fact that some of the organizations distribute primarily through other media.

While donor development efforts appear to be advancing, the nonprofits have not been able to tap into earned sources across the board. Certainly, each organization’s mission and capacity influences its ability to develop earned sources. A lack of business development experience among many journalist founders and leaders may be a factor, as may be grant conditions and small audiences as a business base for publications that distribute mostly through other media.

It is challenging to benchmark the earned revenue of news nonprofits versus charities overall. Earned revenue, mostly fees for goods and services, accounts for nearly half of all nonprofit revenue in the U.S., according to the The National Center for Charitable Statistics. However, that statistic includes tuition for universities, and medical fees and payments to nonprofit hospitals. Many other types of nonprofits have much lower earned revenue.

This area calls for further study and tracking. It will take continued experimentation and research to better understand the potential of earned revenue strategies for nonprofit newsrooms.

CHAPTER 3:

Capacity – Budget and Staffing

Nonprofit news publications tend to be lean operations, heavily invested in their editorial mission and staff. Nearly all leverage partnerships with other outlets as a tactic for making a greater impact.

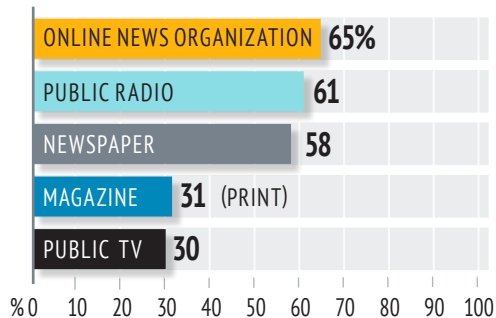
We can estimate from our data that U.S. nonprofit news organizations have a workforce of about 3,000 people, nearly 2,200 of them journalists.

The average staff size is the equivalent of 16 full-timers, but that can be a misleading number as staff sizes range wildly, from zero at startups run by volunteers, up to news organizations with more than 50 employees. Half of nonprofit newsrooms have fewer than eight employees; half have more. Independent contractors make up 30 percent of the labor force.

Nonprofit newsroom staffs are majority-female and mostly white, more diverse than their newspaper counterparts but still lagging the population in racial diversity.

COMMON COLLABORATORS (TOP 5)

% OF OUTLETS THAT COLLABORATE WITH



The typical nonprofit newsroom is supported by an average total operating budget of about \$1.5 million; this figure masks wide variation within the field, however, of budgets that range from \$14,000 to \$18 million. Excluding the top five budgets in the survey sample, the average budget shrinks to less than \$1 million.

Editorial spending

These outlets tend to pour a substantial portion of their resources into their editorial operations, enabling them to support their core mission, but leaving little for business development.

The INN Index participants as a group devote two-thirds of total operating expenses to editorial operations, their core mission. While that sounds positive, in a field that is working to establish itself as a philanthropic cause and diversify revenue sources, it reflects underinvestment in developing donations and other revenue.

Just 10 percent of news nonprofits' expenses overall are dedicated to revenue generation, with the rest going to administration and technology. The spending patterns are within normal or recommended benchmarks for nonprofits overall. To win Charity Navigator's top financial fitness ranking, a nonprofit must attest that it doesn't spend more than 10 percent of its budget on fundraising, for example.

Maturity brings more aggressive investment in revenue generation: News outlets that are at least a decade old invest more than startups in building revenue. The 20 outlets that launched before 2007 spend about 15 percent of their expenses on revenue generation. That's about double the percentage news organizations devote to revenue during their first two years of operation. For young sites, executive directors frequently take on much of the development work until they can afford a dedicated development or revenue director.

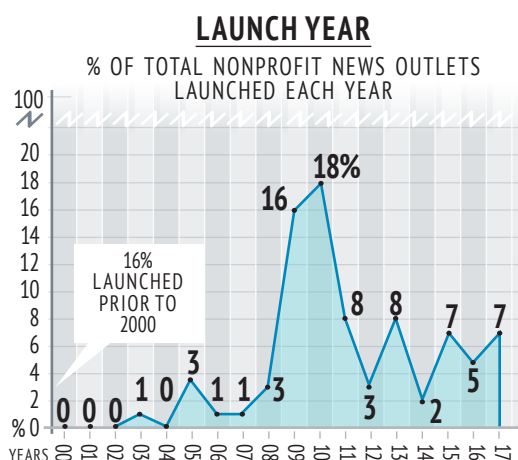
As might be expected, nonprofit news outlets with a staff member focused on revenue generation tend to generate more annual revenue than those without such a commitment. Outlets with one to three employees focused on revenue growth generated a median of about \$900,000 in 2017. Those with no dedicated revenue staff generated less than \$200,000.

It has generally been thus for some time. Though the data are not perfectly comparable, a [Knight Foundation report](#) on 20 nonprofit newsrooms found that editorial expenses accounted for 55 percent of all costs in 2013, a share that had increased slightly from 2011 levels. A [2013 study](#) of a larger number of nonprofit newsrooms by the Pew Research Center identified a similar theme, albeit measured differently: No outlets reported devoting half or more of their staff time to business and marketing efforts, and just one reported spending at least half of its staff time on fundraising.

The revenue focus is growing, but slowly, and nonprofit news organizations face conflicting pressures around how much of their operations to devote to fundraising.

Funders, observers and practitioners in the nonprofit sector have traditionally valued lean operating models in which organizations pour most of their spending into program areas rather than into operations or into building their business. Nonprofit news organizations are no exception, as they are ranked by the same charity watchdog organizations.

The Better Business Bureau advises donors to ensure beneficiary nonprofits spend at least 65 percent of their budget on their programs and no more than 35 percent of



The majority of nonprofit publishers report they have a rainy day reserve equivalent to 25 percent or more of their annual expenses. . .

donations on fundraising. Charity Navigator says no more than 10 percent of budget should go to fundraising expenses. (It allows up to 20 percent within its best-practice guidelines for public broadcast media, in recognition of on-air fundraising costs.)

In recent years, however, the wisdom on this matter has evolved. “We’re a world away from where we were even five years ago,” said Ruth McCambridge, editor-in-chief of the Nonprofit Quarterly. “There’s a much more sophisticated understanding of the use of capital inside of nonprofits.”

Leaders in the nonprofit journalism field have pressed publishers to prioritize revenue generation, audience development and tech innovation.

As far back as 2011, the Knight Foundation [was warning](#) that “organizations that are heavily invested only in short-term priorities — writing large numbers of stories, for example — may attract attention for a time but will be limited in their ability to experiment and develop business strategies to sustain themselves in the long term.”

INN advises news startups to divide their resources in half, spending as much on revenue and audience-building as they do on editorial in their launch year so they can establish a financial base for their reporting, and then start to balance it out after they have some capital.

Reducing heavy reliance on grant funding, and the need to raise awareness of news as a philanthropic cause are among many reasons it is important for nonprofit news organizations to invest in revenue growth.

Foundation giving to news is limited and highly concentrated in national outlets. Some journalism funders do not fund operating expenses. The Shorenstein and Northeastern University [study](#) found that relatively few philanthropic dollars have gone to local and state-based nonprofit news, and grants are concentrated in a small number of outlets. Grants to small small organizations increased through the NewsMatch year-end matching program launched by Knight in 2016 and now supported by Democracy Fund, MacArthur and several other funders. It contributed \$4.8 million to the \$33 million that news organizations raised in the last quarter of 2017.

To be sure, news outlets recognize the need to grow the business. Laurie Zeller, the new publisher of The Colorado Independent, acknowledges that her 5-year-old organization has spent little on business development, a role she recently became the first to fill. “The remarkable thing about my team is that they did this without someone for so long.”

Reserves

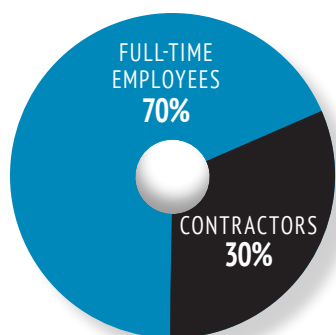
Another measure of a publisher’s capacity is the depth of its financial reserves. The majority of nonprofit publishers report they have a rainy day reserve equivalent to 25 percent or more of their annual expenses, and about a third have banked six months’ worth, a level often cited as a best-practice minimum by nonprofit advisers.

The 2013 Pew Research study found 33 percent of nonprofit publishers had at least a year’s worth of cash on hand, and an additional 31 percent had six months to a year’s worth. It’s possible what appears to be shrinking reserves may reflect a maturing field. In 2013, many outlets had launched just a few years prior and were still operating with a financial “runway” provided by large capital infusions from foundations or founding donors.

WORKFORCE

8.3 = MEDIAN FTE
EMPLOYEES
PER OUTLET

% OF EMPLOYEES WHO ARE ____



In any case, the current numbers indicate a need to look at how the majority of news nonprofits can budget to build reserves. This is particularly important for organizations highly reliant on grant funding or in early stages of diversifying their revenue sources.

Staffing

News is a people-intensive business, and those surveyed indicate about 70 percent of their total expenses go to staffing, both salaried and contract.

Nonprofit newsrooms are able to marshal their efforts toward public-service and investigative work (see Ch. 1) with a small labor force, in part because most do so to the exclusion of other kinds of journalism such as breaking news or sports coverage. In addition, as primarily digital operations, they do not have the same infrastructure and production needs as legacy print or broadcasts news organizations, allowing them to conduct business with a smaller staff.

The median number of total employees at a given outlet is 8.3, with the largest share focused on editorial work; the average about 15 — reflecting that there is a very wide range in staffing levels from a few volunteer-run newsrooms with no paid staff up through top 10 sites, which range from about 25 to more than 100 staffers. For example, the Texas Tribune lists 61 staffers on its website; MinnPost, 24.

A notable number of employees are contractors — 30 percent of all the full-time-equivalent personnel tallied among the participating newsrooms. If anything, these figures understate the amount of non-staff workforce, as they account for contractors that have a significant ongoing relationship, as opposed to one-time contributors or freelancers, which are widely used by both nonprofits and for-profit media. The nonprofit sector also includes organizations that have small hub staffs but engage dozens of journalists in projects, such as the International Center for Investigative Journalism (ICIJ).

Newspapers, even after drastic cuts, tend to have many more staffers. The Dallas Morning News, perhaps the broadest statewide news source similar to the Texas Tribune, [listed](#) a newsroom headcount of 235 in 2017. But comparisons are difficult because newspaper staffs cover production and a broad range of topics, while the nonprofits tend to be concentrated on in-depth coverage, or deep community coverage and engagement, and comparable figures are generally not broken out by private media.

Partnerships and collaborations

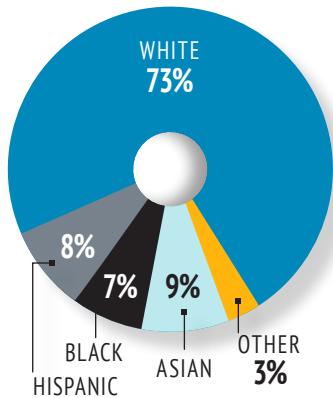
Beyond partnering for reach, nonprofit news outlets take advantage of content and reporting partnerships to leverage the advantages held by other newsrooms as well as to overcome some challenges they face as small operations. The survey finds that almost all nonprofit newsrooms engage in such collaborations and one in three do so frequently — more than once a month.

The most common type of partner is another online news outlet; 65 percent of nonprofits team up with digital outlets. Public radio partners and newspapers are not far behind.

Facing the reality of limited resources, and the fact that much of the reporting these outlets conduct is expensive and time-consuming, nonprofit organizations often team up on reporting projects or partner by providing their content free to organizations with large, established distribution channels, including newspapers and traditional broad-

STAFF RACE/ETHNICITY

% OF NONPROFIT NEWS STAFF WHO ARE



casters. Even more common is providing their content to another outlet for distribution. Many consider shared content distribution as part of their nonprofit mission; others strike one-on-one or small group partnerships for joint initiatives.

Audience-development and digital traffic acquisition are challenging and often expensive for all media and even more so for young publications just establishing their brand. Most news nonprofits are distributing through other media in order to fulfill their missions, extend the reach of their journalism, establish credibility or leverage other media in order to build discovery and potentially their own direct audience. They must make difficult choices about whether and to what extent they wish to go it alone or risk diluting some of their name recognition by working with and through other publishing partners. “Whether or not you share and whether or not you collaborate, to me seem to be key factors and maybe the key factor in how to structure your organization,” said Temple University professor Magda Konieczna, author of *News Without Profit*, alluding to the ways in which sharing content and collaboration are linked to certain kinds of revenue models.

Staff diversity

Beyond sheer reporting capacity, another critical factor in staffing among the nonprofits is the diversity of their workforce. Not just a matter of equity in a traditionally white and male-dominated industry, newsroom diversity matters if publishers wish to engage all audiences and communities they cover and maintain the credibility of their coverage.

So how are nonprofit newsrooms faring on this count? Nonprofits have achieved greater diversity than newspapers but still are not as racially diverse as Americans overall.

Women are much better represented in news nonprofits than in most other media. Of the total staff numbers represented across the 84 newsrooms that shared information on diversity, 55 percent were women.

The nonprofit news cohort is still 73 percent white, with black, Hispanic and Asian staff each accounting for less than 10 percent of the field.

To put these numbers in context, it is helpful to look at other research. Each year, the American Society of News Editors (ASNE) publishes diversity statistics on the newspaper industry and, in recent years, on the digital journalism sector. Women made up 39 percent of the staff in newspaper newsrooms and 48 percent of digital newsrooms [surveyed by ASNE in 2017](#). Racial minorities accounted for about 16 percent of staff in newspaper newsrooms and 24 percent in digital newsrooms.

CHAPTER 4:

Audience development and distribution

There is room to grow when it comes to audience development, reach and measurement in the nonprofit journalism world:

SNAPSHOT: SINGLE-TOPIC ORGANIZATIONS

▼ Single-topic news organizations have emerged as a distinct force in nonprofit news. One-third of the outlets in the survey focus on a single subject such as education, health or the environment.

These organizations are more likely to provide analysis and explanation rather than investigations or coverage of news and events. They tend to rely more on foundation funding than their multitopic counterparts, but have a smaller share of donor funding. Their geographic scope is typically national or state rather than local.

Examples: Education – [Chalkbeat](#), a national organization with seven local or state outlets, [EdSource](#), which covers education in California. Environment – [Food and Environment Reporting Network](#), a national organization. Health — [Connecticut Health I-Team](#), which focuses on a state.



- About three-fourths of nonprofit news publishers distribute at least some of their work through third parties such as newspapers, broadcasters or other online publications.
- Roughly a third reach the public primarily via these third-party platforms. Another third have developed their own audiences; they reach most of their readers directly via their own website. The remaining third fall somewhere in between or are pursuing both strategies.
- The audience that comes directly to a typical news outlet's website is relatively small, especially when compared with leading mainstream news organizations: Web traffic for the typical nonprofit newsroom is under 500,000 users per year.

Distribution partnerships

Starting from scratch with little visibility or marketing capacity, and often funded specifically to openly share reporting with other news media, many nonprofits that launched in the wave of startups a decade ago saw advantages in partnering with established news outlets. Their journalism would reach an existing news audience.

"People quickly realized that having a website did not mean the audience would come to them," said Houston, the Illinois professor and INN co-founder.

That situation persists today, in part because audience development is a rapidly changing art for all news media in the age of social media and other digital platforms. Also, many nonprofit news publishers, particularly those that focus on investigations or analysis and distribute primarily through others, may not publish often enough to build a regular audience on their own websites.

Nonprofit news organizations face this dilemma: Publishing via third-party venues, such as newspapers, broadcasters or digital platforms with larger audiences, demonstrates a reach that would be otherwise difficult to earn, this reach can advance their mission, and it is attractive to funders looking for evidence of impact. However, this publishing model can dilute the nonprofit's brand, and that can have downstream consequences that make generating revenue in other forms more difficult, particularly sponsorship, individual donors and members.

"The partnership model is the only way to achieve significant reach and impact unless you're incredibly well-funded or a local news organization. It's a lot harder for single-subject organizations," said Laskawy, publisher of the Food and Environment Reporting Network.

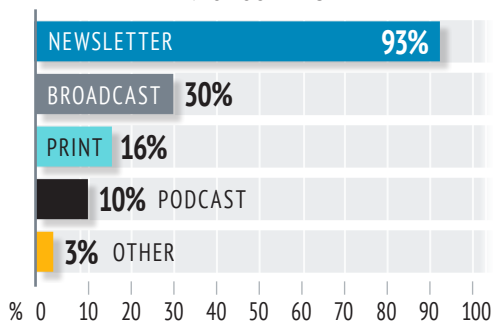
FERN takes the approach that its website is for funders and supporters but its primary reach will be through other publications, Laskawy said. At the same time, third-party publication "does present huge branding challenges."

While most publishers take advantage of third-party distribution opportunities to some extent, strategies vary widely in nonprofit journalism. Some publishers such as FERN leverage third-party distribution as their primary strategy and build a business model around that. Others use third-party distribution to build brand recognition and credibility among news sources, but ultimately aim to steer audiences back to their websites and other in-house platforms such as newsletters.

When it comes to the primary method of reaching audiences, one-third of publishers say they reach most of their audience directly through their website. The typical direct-to-audience publisher tends to generate more annual revenue than other types (at least

DISTRIBUTION PLATFORMS

% OF OUTLETS



twice as much as those that rely on third-party publishers), and not surprisingly, they attract more visitors to their websites.

“We own our audience,” said Andy Wallmeyer, publisher of MinnPost. Harkening back to MinnPost’s early days, when legacy media in the Twin Cities region was faltering, he said a distribution model that “relies on outlets that might be dying” seemed unwise then as it does now.

Another third say they reach most of their audience through the distribution platforms of others. These publishers are more likely than others to focus on investigative journalism and publish with less frequency.

“We wanted to be platform-agnostic,” said Andy Hall, co-founder of the Wisconsin Center for Investigative Journalism, WCIJ. This approach has been successful, Hall said, by reaching audiences where they were already consuming news rather than trying to change their habits.

Finally, one-third of publishers fall somewhere in between, reaching audiences through a mixture of direct contact and third-party publishers.

It’s possible WCIJ may eventually be one of them. “We are stepping up our efforts to develop our own audience ... both to increase the reach and impact of the journalism, and for the long term sustainability” of the organization, said associate director Lauren Fuhrmann.

The field is evolving, especially as more traditional news outlets face harsh cutbacks and downsized aspirations.

For this reason, CALmatters has built a large network of California-based publications to publish its work, in order to hedge against the precarious footing of any one of them. According to publisher Marcia Parker, this is also why CALmatters leaders concluded they need to start building a more robust web presence.

More publishers are starting to seek nontraditional publishing partners such as Apple News, SmartNews and other digital curators.

Visibility and engagement

Much like their commercial counterparts, nonprofit publishers report using several practices to engage their audiences.

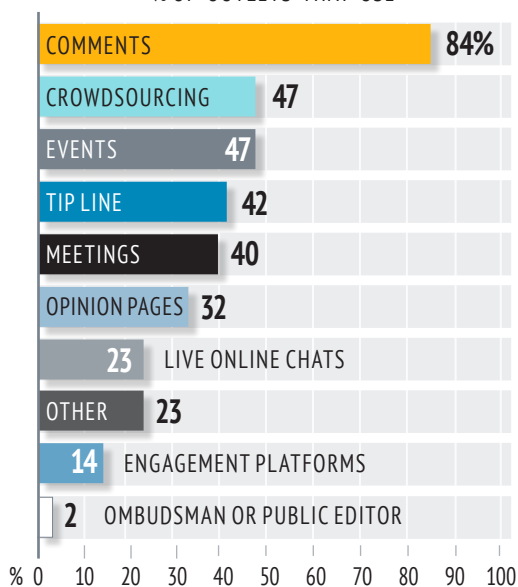
For example, Laskawy said with the limitations of FERN’s third-party publishing model, “we just have less visibility generally. It’s definitely a handicap that we seek to overcome in different ways with conferences, funder meetings, social media, the newsletter.”

Newsletters: The typical nonprofit newsroom offers one subscription newsletter via email, although some publications offer several: seven publishers in the study offer at least 10 of these products. Among those that offer a newsletter, the median subscribership is 5,900, and several boast more than 100,000 subscribers. Newsletters generally serve as both publishing products and for many, to build email lists as the basis for individual donor and membership fundraising programs.

Events: Fully 78 percent of nonprofit publishers say they hosted at least one event in the past year, with the typical newsroom hosting a handful. Typical attendance across all events has been about 300 per publisher. The majority of those publishers had an event partner to help them host events, which can be resource — and labor-intensive to pull off.

AUDIENCE ENGAGEMENT TACTICS

% OF OUTLETS THAT USE



Of those publishers that hosted an event, a majority cited deepening the connection with their audience as a primary objective. Other common purposes include raising awareness of their brand and presenting information or journalism in some kind of editorial fashion.

Revenue objectives are not as common. About 20 percent see events chiefly as sponsorship or earned revenue opportunities and 28 percent view them primarily as a venue for direct fundraising. Nevertheless, there is reason to believe that publishers view business development and audience engagement as two sides of the same coin: A majority of the outlets that had hosted events listed donor and member cultivation as a primary purpose for doing so.

Four in 10 have held meetings with readers — a smaller scale and perhaps less formal point of contact than an event.

Online engagement tactics: Most common among publishers is the use of online comments: The vast majority of INN Index participants said they use them to connect with readers, and nearly half utilize crowdsourcing as a way of bringing readers into the reporting process.

In recent years, new platforms and service providers such as Hearken and Ask have launched to help publishers deepen their relationship with the communities they serve. Publishers are rapidly integrating these services into their toolkits along with other community engagement tools.

Audience development

At least according to one metric, nonprofits often struggle to scale their direct audience. Across nonprofit news sites, the median web traffic is 354,000 users per year.

Web traffic, of course, is not the only online way that publishers reach their audiences: the median nonprofit news outlet has about 6,400 Facebook followers, 8,000 Twitter followers, and 18,000 YouTube views, plus the newsletter and event audiences cited above.

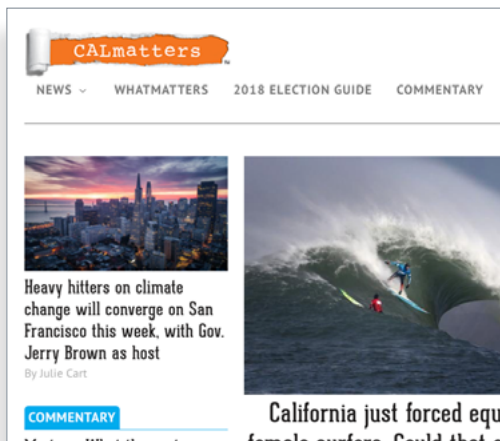
But social media and other platforms are notoriously fickle. For Wallmeyer, more than anything else, it's that single returning visitor to the MinnPost website that holds the most value for mission achievement and business sustainability.

Nonprofit publishers are making insufficient use of two tactics that might help them better engage key audiences and demonstrate their reach: audience targeting (identifying a specific group or population they are aiming to serve), and tracking audience reach when using third-party distribution.

More than one-third of nonprofits say they target at least one audience. The rest are trying to build general audiences, a broad approach that is particularly challenging for a small publication. Saying they primarily serve general audiences may partly reflect how many are distributing through general media publications. But that also poses challenges that nonprofit news organizations have not yet been able to fully overcome.

Of outlets that distribute their content via third parties, 60 percent do not track the audience reach of that content. They are missing out on data that could help them weigh which distribution is worthwhile in terms of added reach and impact, what drives traffic to their own websites, or usage that could support a case for licensing fees or revenue shares.

It often is time-consuming or very expensive for small news operations to collect data



SNAPSHOT: STATE ORGANIZATIONS

▲ State organizations make up a third of the news outlets in the survey. They emerged to fill gaps in coverage as traditional sources, primarily newspapers, pulled reporting resources from the statehouses.

On the whole, these nonprofits are somewhat less likely to rely on grants and other charitable funding than regional/national/global outlets. Instead, many are tapping into earned revenue sources such as sponsorships and events.

They reflect diverse approaches to coverage, some focus on news and events while others are investigative or primarily provide analysis and explanatory journalism. At least half reach most of their audience directly via their websites.

Examples: [CALmatters](#) in California, [VTDigger](#) in Vermont and [NJ Spotlight](#) in New Jersey focus on state government coverage.

on distributed use, and many third-party distribution partners do not themselves collect clear data on a story level.

In a 2018 report on measuring journalism impact, the Walton Family Foundations recommended that media funders pay for grantees to use media clipping services so that “grantee organizations can better understand how their work spreads throughout the broader media ecosystem.” ProPublica, the Center for Investigative Reporting, INN and other nonprofits have worked to find low-cost solutions to this issue. It remains a broad challenge for the sector and one that needs further research.

As on the revenue front, a singular model for nonprofit news distribution has yet to fully emerge, and there may be more than one model that works, depending on the unique circumstances of each publisher. While some evidence suggests direct audience engagement is associated with higher earnings and less reliance on foundation support, the task of building audience from scratch while using investigative and in-depth reporting to attract that audience, can be very difficult to pull off. It is likely that hybrid audience solutions and experimentation will continue to reshape strategies for some time.

Conclusion

Nonprofit journalism is securing its place and helping to create a new ecosystem for news while serving a critical role in American civic life.

News nonprofits are setting a strong course toward community engagement and collaboration. They deploy a substantial body of experienced, expert journalists at a time when other media are cutting back, and the nonprofits increasingly fill gaps in public information. They are starting to diversify the revenue streams that support this important reporting.

There are many other threads yet to be followed and trends that will surface as this INN Index survey continues in future years. We will look for answers to questions about product, revenue, sustainability, audience and reach. Answers depend somewhat on the future of other information platforms. The first big wave of nonprofit startups came in response to the newspaper crisis of 2008 and 2009. That crisis continues. At what point should we imagine a scenario in which nonprofit newsrooms are more than supplementary to the civic role that legacy newsrooms play, particularly at the state level? Look no further than the California or Vermont statehouses to see this already happening.

Similarly, a future in which the news business must survive without advertising poses advantages and competitive challenges for nonprofits. As for-profit news outlets vie for financial support from members and subscribers, does this crowd the field and increase competition for nonprofits?

Finally, the challenges many publishers face in building meaningful relationships with audiences are exacerbated by the role of social platforms in everyday life. The proliferation of information streams (and screens) makes it more difficult to capture and sustain the attention of a distracted public. Some nonprofit publishers have begun to make progress, but the field has much to learn and the landscape keeps changing.

At the same time, the spread of misinformation, and partisan animosity toward the press in general, offer the nonprofit news sector an opportunity to affirm its core values of accountability, transparency, accuracy, and a commitment to an informed public.

This INN Index study is a beginning, a baseline, but it already points to areas where the field can grow:

Doing more to nourish individual giving, from both small and major donors. Growing these revenue streams is not just good for sustainability, but also builds stronger ties between publishers and the people they serve. With plenty of programs, case studies and research about building and sustaining reader revenue and membership programs, publishers can draw upon the wisdom surrounding them and apply it to their own unique circumstances. Work on membership and reader revenue is advancing but still in early stages, and through NewsMatch and other programs, even young newsrooms should aim to build their core capacity as quickly as possible. While major gifts take time to develop, it is worth starting those programs early. A general guideline for all nonprofits is to expect major gifts to make up 10 percent of donations but 90 percent of the revenue from all individual giving. And the pool of donors may extend well beyond reader and membership ranks.

Investing more in business development. The data suggest that startups should not wait to add revenue-building positions, but invest in them early even if it involves tradeoffs in coverage, to swiftly build a stronger base for their journalism. And even well-established nonprofits would benefit from growing earned revenue. There is also a compelling case for news nonprofits to dedicate more than 10 percent of expenses to revenue generation, at a time when they are both establishing news as a philanthropic cause and developing multiple, often experimental revenue streams. Journalism funders also might increase the impact of their philanthropy by making leveraged investments in news business development positions within the organizations they support.

Building more targeted audiences. Acquiring and growing broad or general audiences is complicated and costly for any media. For small publishers, it can spread staff and resources thin. Alternatively, more nonprofit newsrooms might move faster by building a base in a narrower specialized audience and then broadening from that to a general public readership, or building one niche or neighborhood base at a time, adding others as they grow.

Looking to the future, nonprofit news sites that share their coverage via traditional media must pay more attention to new distribution channels. Considerable leverage is generated when philanthropy funds one story that is published in many outlets, multiplying the public reach and impact. But as legacy media audiences keep declining, this model needs to broaden to digital news channels, many of which are not yet well connected with the independent publishing world.

The good news is that the field is evolving and quickly growing as a significant source of original, in-depth journalism. These newsrooms and the news entrepreneurs who lead them have created a collective incubator for the future of public service journalism, finding new ways to share knowledge, include and engage people in civic life and strengthen our communities.

Report credits

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