

Index Snapshot Report 2023: Growing resources lead to sector expansion

Page 1 of 8 The State of Nonprofit News

In the past, some observers have wondered whether a growing nonprofit news sector could be matched by growing capital support. But, new data from the INN Index 2023, the sixth annual survey of nonprofit news organizations across North America, suggest that as the nonprofit journalism field expands, the resources to sustain this field are expanding, too.

This year's Snapshot Report offers a broad look at the nonprofit news sector's trends, opportunities and challenges. A deeper and more complete Index Report focusing on diversity, equity and inclusion will be released in summer 2023.

A note on methods: The INN Index 2023 is based on data collected in 2022 from 315 nonprofit news outlets, representing a 90% survey response rate. The revenue section of the report is based on a smaller sample of 291 outlets since some respondents, including startups and public broadcasting stations, were unable to report comparable data. Direct comparisons between 2021 and 2022 were made by sorting data from the 225 outlets that participated in the survey both years. Jump here for more on Methods & Definitions.

Please reach out to <u>INN's communications team</u> with any questions or press inquiries.



Page 2 of 8 Executive Summary

Sector expands as resources and capital grow

Growth of the nonprofit news sector can be measured across a variety of indicators, including the numbers of INN members, total revenue, philanthropic revenue, staffing size and audience reach. Collectively, these measures indicate the field is robust, increasing in capacity and influence.

In the past, some observers have wondered whether capital support would increase to match the needs of a growing nonprofit news sector. This year's fieldwide revenue estimates suggest that as the nonprofit journalism field expands, the resources to sustain this field are expanding, too.

- INN membership saw 17% growth in the number of digital-first news outlets between 2021 and 2022. That growth did not translate into more competition over a static or shrinking pool of resources. We estimate that fieldwide revenue for INN members grew about 19% in the same period, now totalling to just under \$500 million.
- Overall staffing numbers are also in line with that rate of revenue and outlet growth, representing a 15% increase in workforce size compared to the previous year. We estimate that INN's digital-first members employ nearly 4,000 people. Of those, roughly two-thirds are editorial staff (nearly 2,700 reporters, editors and other kinds of journalists).
- The growth we are seeing isn't confined to our larger, more established members, but rather is relatively spread out across the entire field. More than 80% of the outlets surveyed either grew total revenue or maintained revenue over a one-year period (from 2021 to 2022). About 60% of the outlets surveyed grew total revenue by 10% or more over a one-year period (from 2021 to 2022). About one-fifth of outlets' revenue remained flat, with about one-sixth reporting revenue declines of 10% or more over the same period. The data don't indicate why some outlets experienced growth while a smaller portion saw declines. Outlets in both the growth and decline categories are generally representative of the field as a whole with a mix of local, state and national/global outlets.¹

¹ These percentages reflect the 225 outlets that participated in both surveys (2021 and 2022).

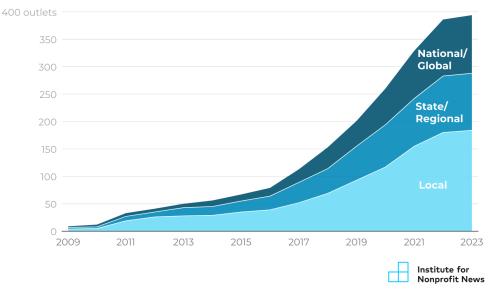


REVENUE CHANGE

% OF OUTLETS WHOSE REVENUE ____ BETWEEN 2021 AND 2022

Increased Stayed flat	Decreased		
Total revenue	60%	22	% 18 %
Foundation revenue	58%	14%	28%
Individual giving revenue		20%	33%
Earned revenue	50%	16%	34%
Chart: N=225 outlets participated in both rounding, not all numbers add up to 100'	55	of	Institute for Nonprofit News

• A note on public broadcasting: INN's primarily digital newsrooms account for more than 90% of INN's membership; however, nearly three dozen public broadcasters are now part of the INN network. The figures in this report do not include data from our public broadcast members because their organizational structures make it difficult to estimate both the amount of revenue tied to their news operations and the size of their newsroom staff. Nevertheless, if INN's public broadcasting members were added to these figures, we estimate that total revenue across the entire field would be between \$600-\$800 million, and total newsroom editorial staff could be as high as 3,500-4,200 reporters, editors and other journalists.



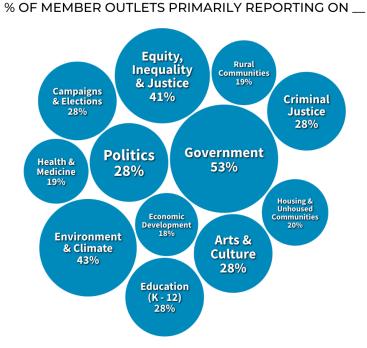
GROWTH IN NUMBER OF NONPROFIT NEWS OUTLETS BY GEOGRAPHIC SCOPE (2009 - 2023)



Page 3 of 8 Quality of Coverage

Nonprofit news produces in-depth reporting

While some nonprofit outlets focus on reporting the news of the day, the sector is primarily made up of organizations that contribute in-depth, time-intensive news — investigations, enterprise and explanatory reporting. Many focus on covering and explaining complicated issues like local politics and government, environment and climate, and matters of inequality, justice and equity. Topics rarely prioritized by the sector, signaling an opportunity for the field, include faith and religion, childcare and caregiving, technology, and military and veterans issues.

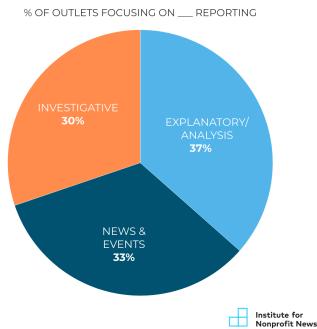


PRIMARY TOPICS OF COVERAGE BY INN MEMBERS

Nonprofit news outlets focus on producing high-quality reporting. Since 2017, the field's focus on investigative and explanatory journalism has remained consistent, with a slight increase year over year in the share of explanatory reporting and decline in investigative shops. Today, about a third of the field focuses on investigative journalism. One-sixth of outlets focus on deeply covering a single topic like criminal justice, education or gun violence.



PRIMARY MISSION



STORIES PRODUCED MONTHLY BY PRIMARY MISSION

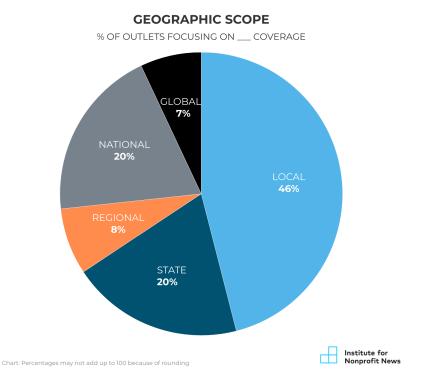
Primary Mission	Median # of Stories
Investigative Journalism	8
Explanatory Content and Analysis	20
Current News & Events	49
Table: N = 315	Institute for Nonprofit News

Many nonprofit news outlets say they produce this in-depth journalism for populations historically underserved by commercial media, including people of color as well as rural and low-income communities. About 40% of outlets say rural communities are a primary target audience of their coverage. INN's <u>Rural News</u> <u>Network</u> (RNN) — a reporting consortium connecting roughly 70 of these outlets serving rural communities — is leveraging a network approach to sustainable news operations, story generation and dissemination.

Nonprofit news outlets often collaborate editorially in order to produce more in-depth reporting and stories. A strong majority of outlets — 75% — participated in



an editorial collaboration in 2022, with about half of those outlets participating in four or more editorial collaborations.



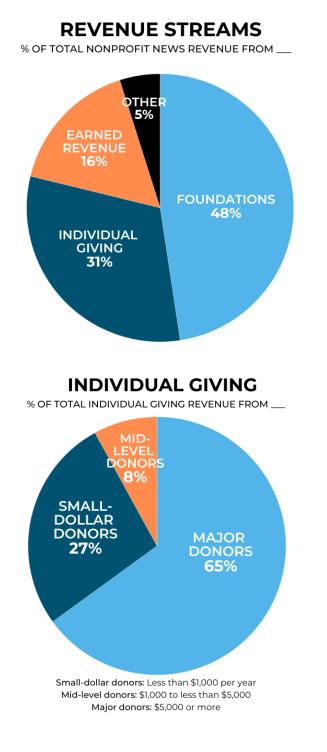
Page 4 of 8 Revenue Growth

Most news outlets grow or sustain total revenue over time

Median revenue per outlet is about \$475,000, representing growth from the roughly \$370,000 median reported the previous year. State and regional outlets are driving this gain, growing their median revenue by 36% in a one-year timeframe. A major driver: Foundations are funneling more donations to larger, more established state and regional outlets. Our data don't explain why foundation support to state and regional newsrooms is growing, but our reporting indicates a shift in philanthropic attention to statehouse reporting.



Institute for Nonprofit News



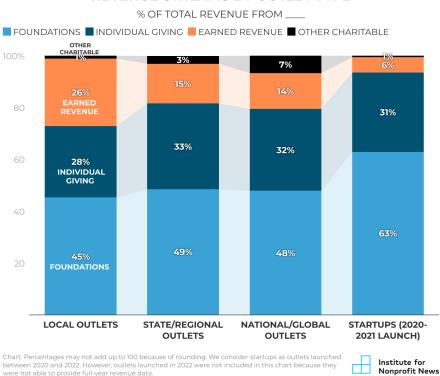
LOCAL NEWS REVENUE OUTLOOK

In 2022, 46% of outlets surveyed focus on local news, up from 42% reported in 2021. About half of surveyed local outlets serve larger communities (defined as a



population of 100,000 or more), and half serve smaller communities of 100,000 or less.

COVID-19 and its related economic forces put a lot of strain on the local news sector, causing widespread contraction and closures in recent years. While this trend has affected commercial newsrooms, nonprofit, digital-first local outlets are expanding in number and growing in capacity. More than half of the nearly 100 local outlets surveyed in 2021 and 2022 increased total revenue during this timeframe, with gains reported across all three major revenue streams — foundation funding, individual giving and earned revenue. Both more established local outlets, along with nearly a dozen local startups that launched in 2020, are enjoying this revenue growth. Outlets that experienced declines are a mix of large and small organizations, most of them beyond the startup phase.



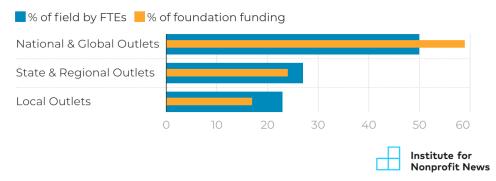
REVENUE STREAMS BY OUTLET TYPE

Community and local foundations are driving some of this revenue growth. Among 132 local outlets that provided revenue data for 2022, nearly two-thirds reported receiving grants from community or local foundations, and four in 10 said that source represented 50% or more of their total foundation revenue. The median contribution from a community or local foundation to a local outlet was an estimated \$50,000.



Although local outlets still see fewer foundation funding dollars when compared to those that typically operate on a national or global scale, we see modest improvements in how the sector's foundation funding is distributed. Local outlets employ 23% of full-time equivalents employed by survey respondents but receive only 17% of foundation funding dollars reported in the survey. National and global outlets employ 50% of the sector's FTEs and receive 59% of the sector's total foundation funding. INN's DEI Index Report will further analyze foundation funding breakdowns by outlet type.

FOUNDATION FUNDING MISMATCHED TO STAFF COUNT



Local outlets are also regaining some of the advertising and other earned revenue dollars lost during the COVID-19 pandemic. Local outlets grew earned revenue significantly between 2021 and 2022, from \$11 million to more than \$15 million, a gain of 37% among the 52 outlets that reported earned revenue in that timeframe. Larger, more established local outlets are experiencing the most success regaining earned revenue, with advertising dollars (as opposed to sponsorship and underwriting) largely driving the growth.

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The nonprofit news workforce expands

As the number of outlets has increased along with associated capital investment, so too has the size of the workforce in nonprofit journalism. We estimate that INN's digital-first members (not including public media organizations) employ nearly 4,000 people, including both editorial and non-editorial staff. Of those, roughly two-thirds are editorial staff. The overall staffing number represents a 15% increase in workforce size compared to the previous year. That increase is generally in line with the rate of growth in fieldwide revenue as well as the number of new entrants into the INN fold.

The typical nonprofit outlet employs five people, with the split of editorial to non-editorial staffers falling around 70/30. The staffing size of an organization and its ratio of editorial to non-editorial (including revenue-focused) employees is largely dictated by the age and geographic scope of the outlet's coverage. Local outlets tend to have about four people on staff, whereas national or global organizations have a median staff size of 10, with a range from one to more than 170 FTEs. A startup outlet in its first three years of operation, unsurprisingly, will have a lower count of staffers — usually between one to three people — working to get the outlet off the ground.

This summer, we'll publish our next DEI Index Report, which will include data on the race, ethnicity and gender of the people behind nonprofit news, the most common equity and inclusion practices across the sector, and the field's revenue access and distribution.

Page 6 of 8 Audience & Distribution

Web and email audiences stabilize

Core, year-over-year audience stats capture a general picture of stability for nonprofit news audiences. The majority of outlets surveyed primarily distribute coverage through their website (74%), with smaller cohorts primarily publishing over email newsletter (11%) and print (9%).

A little over a third of outlets surveyed grew web audiences (measured as average monthly unique visitors) from 2021 to 2022, with a similar size cohort experiencing declines, and a quarter remaining steady year over year. Local outlets were the most likely type of news to experience web traffic increases, while national and global outlets were the least likely.

For newsletter focused outlets, over half grew newsletter subscribers, over a third stayed steady, with a smaller percentage (7%) experiencing declines.

MEDIAN AVERAGE MONTHLY UNIQUES (WEB TRAFFIC) & NEWSLETTER LIST SIZE BY OUTLET TYPE - 2022

Outlet Type	Average Monthly Uniques	Newsletter List Size
All outlets	30,000	5,200
Local outlets	18,250	2,500
State and Regional outlets	24,700	6,000
National and Global outlets	75,000	13,750
Table: N = 315		Institute for Nonprofit News

The mission and type of coverage an outlet provides often dictates the organization's audience and distribution strategy. Local outlets produce coverage for a single city, county or metro area, or even a cluster of neighborhoods or towns, and are most often focused on serving a population of 100,000 or less. Most local outlets focus on reaching audiences through their own, direct platforms — mostly over the web — because many operate in areas without other sources of high-quality news. Additionally, local outlets are finding success with building individual giving and earned revenue from direct audiences.

National and global organizations make up most of our investigative news outlets and often target audiences of multiple millions with their coverage. These larger organizations utilize third-party distribution more than their counterparts, building partnerships with other news sites, print publications and public radio to reach audiences beyond their own platforms. Maximizing their reach to a general audience and building their organization's reputation are the most cited goals for third-party publication.

Page 7 of 8 About the 2023 Index

The INN Index is the most comprehensive study of the state of nonprofit news.

Since 2018, the Institute for Nonprofit News has conducted this annual Index survey of its member news organizations. INN member news organizations act as a research consortium by sharing their business and editorial statistics to help each other benchmark their own development. This practice also helps INN and experts in the field evaluate and better understand new media business models, staffing needs and editorial focus of newsrooms as they form.



INN's 2023 Index Snapshot Report was published on May 23, 2023. <u>Previous Index</u> reports are archived.

THANK YOU TO OUR FUNDERS

INN's 2023 Index Snapshot is sponsored by the Google News Initiative (GNI). Many thanks to the GNI team for their commitment to data and knowledge sharing across the nonprofit news sector.

Index reports are also made possible thanks to the Knight Foundation along with INN's general support funders, including Arnold Ventures, Arthur Vining Davis Foundation, Battery Powered, Democracy Fund, GA News Lab, Hubbard Family Foundation, Inasmuch Foundation, John D. and Catherine T. MacArthur Foundation, Jonathan Logan Family Foundation, Nan H. Altmayer Charitable Trust, Present Progressive Fund and the PCLB Foundation.

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See below for our research team's methods and defined terms. Please reach out to INN's Research Director Emily Roseman (emily.r@inn.org) with any questions.

METHODS

About the survey: INN distributed the survey online in January 2023 to 382 INN network newsrooms, excluding service organizations that are also INN members. Ninety percent, or 343 newsrooms, completed the survey. Survey responses reflect performance in the calendar year 2022. Previous years' surveys were generally representative with response rates ranging from 54% to 94%. Starting with the Index survey covering CY2020 trends, INN began requiring outlets participating in NewsMatch to complete the Index survey, which raised completion rates for the 2020, 2021 and 2022 Index surveys. <u>Survey language is provided here</u>. The data do not scientifically represent all North American nonprofit news outlets, since not all belong to INN, including an array of public media stations. Specific year-over-year comparisons should be interpreted cautiously; this report draws directional trends across the field.

A note on the cohort used for this report: Of the 343 news organizations that completed the survey, the data for 315 are included in this report. (Data provided by 28 members from the public media sector is not included due to systematic differences in how these organizations report revenue and expenses.) For the revenue analysis portion, 15 startups younger than one year were excluded, as they did not yet have comparable data for the entire year. An additional nine organizations did not provide revenue data. Thus, the revenue section of the report is based on the information provided by 291 outlets. Year-over-year financial comparisons are drawn from smaller cohorts of outlets that provided complete financial data for 2021-2022 (N = 225).

A note on medians vs. averages vs. ranges: The authors of the Index Report believe median calculations are more representative due to two factors: 1) a relatively small sample size of 343 outlets, and 2) some significant outliers that skew averages. However, for some calculations like the average donation in dollars, we are unable to calculate the median since we do not have a list of data points for this survey question. In these cases, we default to averages. We supply a range in cases where knowing the upper and lower limits of a data point are helpful in understanding the field.



DEFINITIONS

- Core group of digital-first, independent publishers: This term refers to the group of 315, non-public broadcasting publishers that completed the Index survey. The research team excluded financial data from 28 INN members from the public media sector, due to systematic differences in how these organizations report revenue and expenses.
- Direct audiences: Direct audiences refer to the audiences using and engaging with a news outlet's platforms, including its website, email newsletters and social media platforms. Direct audiences are largely interpreted in this report as a news organization's web traffic (measured by average monthly unique visitors) and number of email newsletter subscribers.
- Earned revenue: Earned revenue can be understood as the funds a nonprofit organization generates by providing value to businesses including sponsorship, advertising and underwriting. This contrasts with funds received from philanthropic sources, such as grants and major gifts. Earned revenue is one of the three major revenue streams for nonprofit news.
- Foundations: Foundations are nonprofit organizations that support charitable activities in order to serve the common good. Foundation funding is one of three major revenue streams for nonprofit news.
- Global news: Global organizations generally take aim at broad world topics or produce news of distant places. There are 22 global organizations in this study.
- Individual giving: Individual giving is an umbrella term that encompasses financial contributions from individuals, including small-dollar (\$1,000 or less), mid-level (\$1,000 – \$5,000) and major donors (\$5,000 or more). Survey respondents use these shared definitions for their Index survey reporting. Individual giving is one of the three major revenue streams for nonprofit news.
- Local news: Local news organizations are those that cover part or all of a community, municipality or county or a cluster of them, ranging from large metro areas to small neighborhoods. The study includes data for 145 local news organizations.
- National news: National organizations focus on public affairs issues that affect the entire country. "National" in this context largely means the United States, except for two survey respondents in Canada. This study includes 62 national outlets.
- Regional news: Regional news outlets cover news within two or more states making up a region, such as a Midwest reporting outlet. There are 24 regional organizations in this study.
- State news: State news outlets primarily focus on government policy, politics or topics of public interest such as health or the environment in a single state. There are 62 state outlets in this study.



• Third-party audiences: This term refers to audiences interacting with a news outlet's coverage or services but on a platform not managed by the news outlet itself. In this report, we refer to the organizations managing these external platforms as "third-party publishers." Third-party audiences largely come from other news outlets republishing or rebroadcasting content, including on social media and other digital platforms.