

Non-profit Journalism

Where the aspiration is for a democratic society, the press plays a unique and vital role. At its best, ‘the fourth estate’ nurtures an informed citizenry and serves as an effective check on authority, the powerful, and the wealthy. At its worst, however, it can also be propagandistic, misinform, or otherwise distract its audience from civic engagement.

Indeed, there has always been a tension between journalism’s adversarial role and the for-profit business-model. Though good journalism strives to be unbiased and objective, what motivates a news organization to cover (or not cover) certain stories is often inextricable with its sources of revenue, arguably amounting to a sort of conflict of interest. Moreover, editorial decisions are susceptible both to market pressures and a duty to maximize returns for shareholders.

As Richard Tofel, General Manager of the nonprofit newsroom ProPublica notes: “[t]here does not seem to be any demonstrated correlation between journalism’s impact and its economic value... much of the most successful journalism, in terms of impact, presents the classic economic problem of positive externalities. Great communal benefit may result, but little or none of its value may be recoverable by the [journalists and their employers] causing that value to be created.”¹

The advent of the Internet and the plummet of print media have only exacerbated these issues. As budgets are cut, “content that costs more in dollars than it yields in dollars is being squeezed down, and out. Editors today are forced to be far more aware of the business consequences of their own choices than they were 10 years ago.”²

Insulated from market pressures and without a profit motive, the nonprofit model seeks to preserve journalistic integrity by focusing on content that informs, rather than sells. As it happens, investigative journalism – because it necessarily takes more time and resources – has been particularly hard-hit, and most nonprofits are seeking to fill this niche. ProPublica’s mission, for example, is “To expose abuses of power and betrayals of the public trust by government, business, and other institutions, using the moral force of investigative journalism to spur reform through the sustained spotlighting of wrongdoing.”

Journalist Glenn Greenwald, who has gained prominence by breaking stories on NSA surveillance, maintains: “[reader-funded journalism] liberates good journalists from the constraints imposed by exclusive reliance on corporate advertisers and media corporations. It enables journalism that is truly in the public interest - and that actually engages, informs, and inspires its readers - to be primarily accountable to those readers.”³

¹ Richard Tofel, [Non-Profit Journalism: Issues Around Impact](#), ProPublica, March, 2013

² *Id.*

³ Glenn Greenwald, [Reader-funded Journalism](#), The Guardian, June 4, 2013

In fact, as the for-profit business model that news corporations have relied on for decades is in crisis, nonprofit journalism has surged. Says Tofel: “Some kinds of journalism have become ‘public goods’ – much like ballets, history museums, and the symphony – and we need to find ways outside the market to fund them. Which is to say, the market is no longer producing them, it’s not going to, and we need to find ways outside the market to fund them.”⁴

There are no 501(c)(3) provisions specifically intended to benefit journalism by itself. In other words, sharing “newsworthy” information for the public’s benefit is not sufficient to be granted 501(c)(3) status. Accordingly, nonprofit news outlets are granted tax-exempt status as “educational” organizations.⁵

Nonprofit news organizations, however, face problems similar to those faced by for-profit journalism. Donor-dependence, for example, arguably creates the same conflict of interest as the for-profit model.⁶ Furthermore, “as grants expire, many organizations do not have the resources or expertise necessary for the business tasks needed to broaden the funding base.”⁷

The shortcomings of nonprofit journalism, actually, don’t have to do so much with being unable to fulfill the mission (ProPublica, for example, has twice won the Pulitzer Prize – journalism’s highest honor), but with financial insecurity. Says the Pew Research Center: “Given the uncertainty of grant funding, one way these organizations are trying to build financial stability is by diversifying their revenue streams. But revenue diversity is a work in progress, and in what may be most telling of all, many of the nonprofit news operations surveyed told Pew Research that they don’t have the business-side resources needed to effectively expand their revenue base.”⁸

In sum, the nonprofit model offers an effective alternative to fulfilling journalism’s public duties to inform and serve as an adversarial check on authority. However, though their content has largely held true to this mission, the sustainability of the nonprofit model is still unwritten.

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⁴ Minhee Cho, [Richard Tofel on the Future of News](#), ProPublica Podcast, May 26, 2011

⁵ Jeffrey P. Hermes, [Guide to the Internal Revenue Service Decision-Making Process under 501\(c\)\(3\) for Journalism and Publishing Non-Profit Organizations](#), The Berkman Center for Internet & Society Research Publication Series, March 1, 2012

⁶ Ruth McCambridge, [No “New Normal” Yet! Pew/Knight Session Finds Nonprofit News Enterprise Models Still in Formation](#), Nonprofit Quarterly, September 30, 2013

⁷ Amy Mitchell, Mark Jurkowitz, Jesse Holcomb, Jodi Enda and Monica Anderson, [Nonprofit Journalism: A Growing but Fragile Part of the U.S. News System](#), Pew Research Center, June 10, 2013

⁸ *Id.*