

15 The Evolving Nonprofit Media

IT IS CLEAR THAT THE NONPROFIT SECTOR holds great potential here to help fill the gaps in news, information, and journalism left by the depleted commercial media sector. It is therefore imperative that we gain a more nuanced understanding of what exactly is meant by nonprofit media. For instance, the biggest player in this sector is “public broadcasting,” which has become a confusing term. It is intended to mean “supported by the public” as opposed to advertisers. But since “public schools” and “public housing” receive most of their money from taxpayers, some have come to think of public broadcasting as largely taxpayer supported, even though only about 15 percent of public radio’s money comes from the taxpayer-financed Corporation for Public Broadcasting (CPB). The digital age has further complicated the terminology. Public TV and radio stations are moving well beyond “broadcasting,” aggressively using mobile and digital platforms.

Moreover, there is a large and growing world of nonprofit media unaffiliated with traditional public broadcasting—including state public affairs networks; low-power FM stations; public access, educational, and governmental channels; nonprofit programmers carried by satellite TV; and, now, a burgeoning world of nonprofit websites.

More accurate than “public broadcasting,” the term “nonprofit media” better captures the full range of not-for-profit news and media organizations. Some nonprofit media groups are affiliated with public broadcasting, some not; some receive government funds, most do not. But what these groups have in common is this: they plow excess revenue back into the organization, and they have public-interest missions that involve aspirations toward independent journalism.

Two (contradictory) concerns have been expressed about the size of the nonprofit sector: a) that it is too small to have an impact and b) that it could be so big it would hurt commercial media. (Some have argued that the power of the BBC, underwritten by British taxpayers, has stymied commercial media there.) But in the U.S., almost no nonprofit media—not even NPR or PBS—receive the majority of their money from the government (as the BBC does). Congress would need to increase the budget of CPB by more than 600 percent to equal that of the BBC in dollar terms, and by 6,000 percent to equal it in terms of per capita contribution. The amount the federal government spends on public broadcasting is a small fraction of what other national governments do: U.S. taxpayers give about \$1.35 to public broadcasting each year, compared with \$22.48 in Canada, \$58.86 in Japan, \$80.36 in the United Kingdom, and \$101 in Denmark, based on appropriations (for the U.S.) and license fees (for the other countries) for 2007.¹ But since the American public broadcasting system receives a larger percentage of its funds from private donations, a more accurate comparison would be to look at private and public spending combined. Even then, total 2009 spending for public broadcasting in the U.S. from *all* sources—private and government—is less than half the fiscal year 2009/10 operating expenditure of the BBC.² It seems unlikely that the nonprofit sector will grow enough to become a true threat to the commercial sector.

That raises a different question: Is it possible that that nonprofit sector growth will never be significant enough to have a notable impact?

Within the nonprofit media world, there are giants and pipsqueaks, too. While public broadcasting is a mere speck compared to commercial media, nonprofit websites are collectively a mere speck compared to public broadcasting.

On the other hand, looking at the “nonprofit” sector more expansively, it is clearly possible for substantial institutions to take root. In addition to the Associated Press, AARP, Wikipedia and NPR, major nonprofit media organizations include: *National Geographic*, C-SPAN, *Consumer Reports*, WordPress, and the *St. Petersburg Times*.

Moreover, it is hard to overstate the importance of the noncommercial element in the development and flowering of the Internet, itself the product of government-funded research and development. The most vibrant media distribution networks—social media—are for-profit entities fueled by private citizens voluntarily sharing material with their friends, without desire for monetary gain. Any website making use of reader reviews or volunteer message

board moderators is employing the unpaid voluntary contributions of readers to help make commercial business models sing. Wikipedia and other communal information ponds rely on millions of hours of volunteer labor.

Perhaps even more important is the under-appreciated contribution of open source computer programming. Since the beginning of the web, large numbers of software developers have written and shared programming code freely, to be used, manipulated, improved, and shaped by anyone who chooses to. Rather than seeking patents or protection, the open source community offers its creations, free of charge, to the rest of the world. This has led to the development of countless programs and software languages including Mozilla Firefox, Linux, PHP, Apache, and Drupal. WordPress, the most popular blogging software, is an open source platform. One need not be a computer geek to realize that the open source movement—a nonprofit model—has fundamentally enhanced the digital revolution, with incalculable benefits for private enterprise as well as consumers.

Nonprofit organizations are both hindered and aided by the tax and financial rules that govern their operations. They can receive tax-deductible donations, but cannot raise funds by promising to provide profits or dividends in return for investments. They compete with each other, and with for-profits. Like commercial players, they rise and fall based on whether they can provide useful services to consumers. Most important, they can focus their energies on long-term missions rather than short-term profits, but they may also lose the benefits of market discipline as a result.

As in the commercial sector, the new and old media in the nonprofit sector complement one another. Collaboration is key. Vivian Schiller, former president of NPR, applauds the quality content produced by online news sites and sees potential synergies: “We have a massive audience, but we never have enough content. So the notion of us partnering is really compelling.”³ Several cross-platform collaborations have shown great promise: the Berkeley Journalism School is working with the Bay Citizen; voiceofsandiego.org collaborates with Channel 4; the Cronkite School provides a newscast for a local PBS station; the Chicago News Cooperative offers local coverage for the *New York Times*. In Oklahoma, four different foundations have teamed up with a mix of for-profit and nonprofit media organizations, including the Tulsa World, the *Oklahoman*, two major state universities, and local public TV and radio stations to create Oklahoma Watch, a statewide journalism organization.⁴

But collaborations face hurdles too. Many entities seek money from the same sources, so there may be reticence among them about helping a potential competitor. With more nonprofits entering the media landscape, there will be more entities chasing what has so far been a relatively static pool of donors. The economic recession that exacerbated the problems of the commercial media also led to a drop in donations for nonprofits. Other factors that can deter groups from collaborating include cultural differences, concerns about quality, disparate missions, and a more primal sense of protectiveness.

Although the nonprofit sector offers great promise, we see several obstacles to its necessary evolution:

- Current tax and corporate policies restrict the ability of nonprofits to develop sustainable business models. (Fuller discussion in Chapter 31, Nonprofit Media.)
- Commercial entities are not contributing enough. By law, satellite and cable operators are supposed to be helping to support local nonprofit media but the ineffectiveness of the regulatory systems have meant less success for nonprofit media groups than there could be.
- The economics of online video streaming may severely impact some nonprofits. Most have neither the business model nor the capacity to generate per-stream advertising revenue. This means that the more people access audio and video online, the more the costs for nonprofits will rise.
- Current funding is insufficient. Foundations do not currently make local journalism a high priority. Government funds only one part of the nonprofit media landscape (public broadcasting).
- Foundations have always focused on seed funding, but to survive, nonprofits will need to develop ongoing sources of revenue, especially from members.

On the other hand, the nonprofit sector has the ingenuity and spirit to fill many of the gaps left by the contraction of traditional media. If some of these obstacles can be removed, these organizations will likely play a crucial, and growing, role.