

Foundations: A remedy, with shortcomings, to the journalism crisis

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Nonprofit journalism organizations have made notable civic contributions, but fall short of offering a strong critical alternative to the market failure and professional shortcomings of commercial journalism, finds a new study from NYU's Steinhardt School of Culture, Education, and Human Development.

The study, published online in the [journal](#) *Journalism*, describes both the possibilities and limits of the foundation-supported nonprofit model.

"In the ongoing financial crisis in U.S. journalism, philanthropic foundation-supported nonprofits are increasingly hailed as the remedy to the lack of civic-oriented news production. This study questions whether foundation-supported news organizations are an adequate solution to what ails journalism," said Rodney Benson, professor and chair of the Department of Media, Culture, and Communication at NYU Steinhardt and the study's author.

U.S. journalism - unlike that of Western Europe - has long been thoroughly commercial, with only a very small public media sector. Nevertheless, from the 1960s through the 1990s, media companies were able to turn a profit while also producing civic-oriented news, including investigative, public affairs, and international reporting.

This "win-win" compromise between commerce and public service began unraveling before the turn of the century, with media companies seeing drops in revenue driven by the rise of the internet. As a result,

they cut newsroom jobs; local, national, and international public affairs reporting, as well as investigative reporting, were hit particularly hard by the reductions in staff.

In the mid-2000s, philanthropy emerged as a possible way out of the journalism crisis, and nonprofit journalism began to grow. Relying heavily on grants from philanthropic [foundations](#) - such as Ford, Gates, Open Society, Knight, and MacArthur - nonprofit journalism is seen as a means of transcending the previous compromise between commercial and civic needs in order to focus solely on public service. Successful national (ProPublica) and local (Texas Tribune, MinnPost) nonprofit news organizations have launched in the past decade.

While foundation support has been welcomed by news organizations, their investment is relatively small. Annual commercial spending to support news operations has fallen \$1.6 billion since 2008, according to the U.S. Federal Communications Commission, yet Benson noted that only about \$150 million per year - less than one-tenth of this amount - is currently being invested by foundations specifically in news organizations.

To understand who makes the decisions at foundations and nonprofit news organizations - and whether this influences the resulting journalism - Benson conducted an analysis of the professional and educational composition of boards of directors at commercial news organizations, foundations, and nonprofit news organizations. He found that business leaders and financial elites dominate the oversight of all three types of organizations, though to a slightly lesser degree at foundations and nonprofit news.

In addition, Benson found that project-based funding from foundations may skew media attention toward issues favored by donors. Media organizations dependent on project-based funding risk being captured by

foundation agendas and are less able to investigate the issues they deem most important.

Benson also looked at what foundations ask in return for their support and found that nonprofit news organizations are often stuck trying to reconcile their "impact" and "sustainability." Foundations put nonprofits in a bind with their competing demands to achieve both civic impact, via circulation of free content, and economic sustainability, via paying audiences and corporate sponsors. This dynamic ultimately creates pressure to reproduce dominant commercial media news practices to capture wide audiences or provide "infotainment" - or alternatively, orient news for small, elite audiences.

"The Catch-22 is that 'impact' as defined by foundations is not 'sustainable' as defined by foundations," Benson said.

Despite his criticisms, Benson stressed that foundation-supported nonprofits tend to focus more on [public affairs](#) and investigative reporting than most commercial media. In particular, he praised the outstanding investigative reporting of ProPublica, Center for Investigative Reporting, and other leading nonprofit [news](#) organizations.

In order to overcome the limitations of foundation-supported journalism, Benson calls for reforms - including more long-term, non-project-based, and no-strings-attached funding by foundations.

"Despite the language of civic duty that surrounds the foundation world like a golden haze, there are often specific strings and metrics attached to grants, which can create the possibility or appearance of a conflict of interest," said Benson.

He also recommends more innovative and democratic funding through small donors and crowdfunding, more effective modes of distribution

that reach beyond elite and partisan silos, and increased funding and greater autonomy for public [media](#).

Provided by New York University

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