

INN Index 2019:

The state of nonprofit news



Institute for
Nonprofit News

Foreword

If you only remember three things from this report, here they are:

- Nonprofit newsrooms have been launching at a pace of more than one a month in the U.S. for almost 12 years.
- The people they serve support them in a major way. Individuals and families now donate nearly 40% of all the revenue going to news nonprofits. For the first time in studies of the field, foundation funding of nonprofit newsrooms fell below 50% in 2018.
- Nonprofits preserve expertise, depth and the watchdog role of journalism. Four out of five news nonprofits provide investigative or explanatory reporting.

More than statistics, these INN Index findings are signposts.

They point to communities rebuilding and reinventing the journalism they need. They point to growing awareness of nonprofit news and to thousands of people willing to act on that awareness and pay for quality journalism out of their own

pockets. They point to new ways of providing news sources that people can trust.

In a harsh environment where cuts and consolidation gut the reporting power of commercial newsrooms, where a free press and the public's right to know are under attack by powerful governments, these findings point to the need for a new kind of news. In this report, you can see it being created.

How we, the people, support a free press in our democracy is one of the great challenges of our time.

The newsrooms that INN is privileged to support, newsrooms that shared information so generously to create this INN Index, embrace that challenge. They will face many more as they fight to make sure Americans have independent, credible news for all time. But these newsrooms are gaining. With your support, they are forging a new kind of news: independent, inclusive, nonprofit, nonpartisan.

Sue Cross
INN Executive Director & CEO



About INN

The Institute for Nonprofit News is a network of more than 230 nonprofit, nonpartisan news organizations, 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.



**Institute for
Nonprofit News**

About the survey

The survey of 108 INN members was conducted online in March-April 2019. The responses reflect performance during the fiscal year ending in 2018.

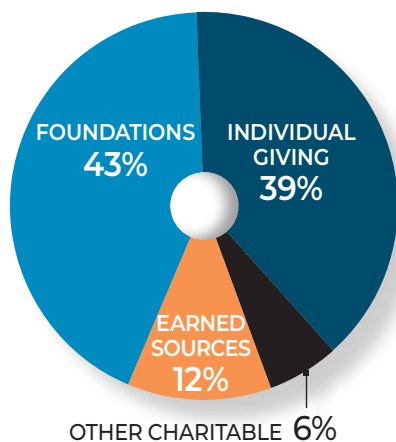
With a response rate of 56%, the survey sample is representative of all INN members other than public broadcasters, and the results give a comprehensive picture of the state of nonprofit news outlets. The data do not scientifically represent all U.S. nonprofit news outlets, since not all belong to INN. This report excluded data from public broadcasters as they do not generally break out news revenue and expenses in a comparable way.

INN Index launched in 2018. Specific year-over-year comparisons should be interpreted cautiously; this reports draws directional trends across the overall data.

Executive Summary

Nonprofit news is rapidly expanding and gaining public support as individuals donate more to news sites

REVENUE STREAMS
% OF TOTAL REVENUE FROM _____



Individual giving includes membership
Earned sources includes ads, events, etc.

Financial support for public service journalism is shifting substantially, from foundations to individual supporters of nonprofit newsrooms. Donations from individuals and families provided nearly 40% of the funding that independent news nonprofits reported in 2018. That is nearing the levels of support these newsrooms receive from foundation grants.

And for the first time in years of studies of the nonprofit news field, nonprofit newsrooms reported less than half of their revenue came from foundations. By comparison, the Pew Research Center found that in 2011, foundations contributed nearly two-thirds of revenue while donors accounted for about a fourth across the nonprofit news field.

The new data comes from the INN Index, a periodic survey of North American nonprofit news organizations that are members of the Institute for Nonprofit News. INN is a network of 501(c)3 nonprofits that focus on independent, nonpartisan journalism with a commitment to editorial independence and transparency.

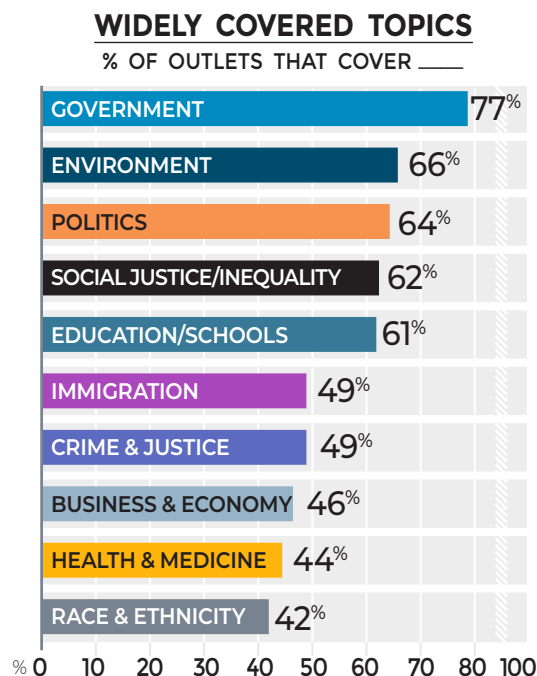
The INN Index study was conducted in spring 2019 and is based on 2018 financial and operational data from 108 participating newsrooms.

The study also underscores the tremendous growth of the nonprofit news field since it took off about a decade ago. Nearly three-quarters of INN's more than 230 members have launched since 2008, an average of more than one new startup per month for almost 12 years.

By the end of 2018, INN members had a total estimated staff of nearly 3,000, including about 2,000 journalists, and generated annual revenue of roughly \$450 million.

Several currents have combined to create broader opportunities for news philanthropy. Heightened public awareness of the spread of disinformation and deep declines in the news industry, plus political attacks on the press, have by many accounts increased public understanding of the crisis in journalism.

At the same time, nonprofit news publishers stepped up efforts to engage with their communities and readers. Publishers also were able to tap significant training, tools and other capacity-building resources provided by foundations and other support programs to help them raise



their fundraising expertise.

News nonprofits are starting to mature into different segments with varying business models and support profiles, so revenue trends vary considerably between local, state, national and global organizations, and between general and topic-focused publications.

But overall, the increase in individual-giving donor revenue was driven by donors of \$5,000 or more, who accounted for more than two-thirds of all donor revenue.

Reader revenue plays a much smaller but still substantial role, providing almost one-tenth of revenue. Small donations accounted for most of this, with a sliver from membership. Nearly a third of the news organizations reported having a membership program in 2018 but most of these programs are very young — less than 3 years old — and may not have realized their full revenue potential. Sixteen percent said they planned to launch membership programs.

Earned revenue sources play a small role in the entire revenue mix. But some organizations have built large shares of their total revenue from one or more earned sources — such as advertising, sponsorships or events — that are proving effective for their model or market. Earned revenue accounted for 12% of total revenue. The largest sources were advertising, sponsorships, events and subscriptions, with none topping 3%.

On the whole, the data points to nonprofits achieving financial stability. More than half of the organizations generated \$500,000 or more in total revenue in 2018 and more than a third generated \$1 million or more. Their position has improved significantly since 2015, when fewer than a third of INN members took in \$500,000 or more.

More than two-thirds now report having three or more revenue streams, another indicator of financial stability.

Yet there still is considerable room for growth in individual news philanthropy. The 39% of revenue coming to news nonprofits from individual donors compares with 70% of charitable funding for all types of nonprofits, according to GivingUSA.

Nonprofits fill gaps in the journalism ecosystem

Investigative, watchdog and deep explanatory journalism are the focus and mission of most nonprofit news organizations. Four in five provide investigative or explanatory reporting and three in five concentrate on in-depth coverage of a single topic or a number of related topics.

Local nonprofits are more likely to cover general news in their community. Even with local newsrooms counted, more than three-fourths of the nonprofits have at least one investigative reporter. The nonprofits also fight government secrecy and advance public access to information in significant ways beyond story reporting. The 108 publications surveyed filed

NONPROFITS PERFORMING “WATCHDOG” ROLE



78%

EMPLOY AT LEAST
ONE INVESTIGATIVE
JOURNALIST



70%

FILED PUBLIC
RECORDS REQUESTS
IN 2018



44%

PUBLISHED OPEN
DATABASES
IN 2018

SOURCE: INN INDEX 2019

31,011 public records requests in 2018 and more than 40% of the newsrooms made at least one database available for public use.

Their reporters tend to focus on complex topics in the realm of public affairs. Government and politics, environment, education and social justice are among the most common. The sector is expanding into topical or beat coverage and state and local community coverage to fill gaps left by commercial media.

Distinct geographic models are emerging

The distinctions between a local community news site and a national news program lead to differences in journalistic practices, revenue models and reach.

About half of the news nonprofits are national or global and they capture more than three-quarters of the revenue across the field. (We include in this group about a dozen multistate regional publications, which as a group have models akin to national publications.)

The national/global news outlets tend to be investigative powerhouses, often homing in on a single topic. Fully nine in 10 describe themselves as either investigative or explanatory. More than a third specialize in a single subject.

State-focused outlets account for a quarter of the news nonprofits. Many seek to fill a gap in public affairs coverage either with statehouse or statewide policy news. Most cover a variety of subjects or a set of interrelated topics.

State outlets on the whole have a healthy mix of revenue streams, with individual giving (especially from major donors) outpacing foundation grants, and earned revenue — such as advertising and events — accounting for one-fourth of their total revenue. State outlets' web audiences tend to be larger than those of national/global and local outlets on average, while national/global outlets lead when it comes to the average number of newsletter subscriptions.

Local newsrooms account for about one in four news nonprofits. These outlets are more likely to fill the gaps in general news coverage, often covering a range of subjects.

Local outlets may serve smaller communities, which presents challenges of scale because they have smaller markets from which to build revenue. Their revenue and direct audience reach are usually modest. As a group, these outlets are investing more of their operating budget into revenue generation, one sign of commitment to growing organizational capacity.

Efforts are increasing to reach audiences directly

Elevating their brands and increasing direct connections to audience continue to pose challenges for nonprofit news organizations. Three-

quarters of them publish through third parties. Many organizations (and often their funders) view news-sharing and collaboration as part of their mission. It also makes sense for startups seeking visibility.

However, nonprofit newsrooms increasingly are taking a two-track approach to distribution and building an audience. They continue to build reach on traditional media and digital platforms. At the same time, many are working to develop their own loyal audiences on the web and through newsletters. This direct engagement enables them to better establish their brand and build an individual donor base.

Nearly half say their websites or mobile platforms are their primary method of distribution and nearly one-fourth mix direct and third-party publication methods. The remaining outlets distribute their work primarily through other news outlets.

Investment in revenue development remains low for an emerging field

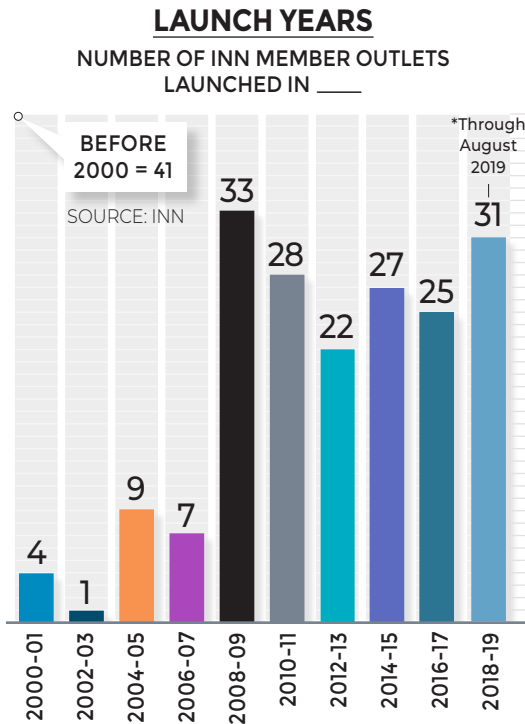
Nonprofit news publishers know they need to build capacity. However, they invest minimally in revenue development at a time when the disruption of economic models in journalism requires innovation and warrants more such investment. Some report pressure from funders to keep revenue generation costs low. In 2018, spending on revenue generation accounted for only 15% of total operating expenses across all the outlets surveyed, about one-fourth the share devoted to editorial.

There are signs this may be changing.

A comparison of data for 47 outlets that provided expense information for 2017 and 2018 showed a shift in resource allocation away from editorial toward business functions.

Training in fundraising and capacity building are routine and more widely available than before. Many INN members have now hired development directors and about half have a full-time person devoted to fundraising. And the old caricature of the nonprofit newsroom CEO who only knows how to edit copy is obsolete: A third of all CEO time is spent on fundraising.

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



A deeper look at trends in nonprofit news

We examine in the sections below what is influencing the shift toward greater individual philanthropy for nonprofit news and the impacts of these new revenue patterns on how news reaches consumers.

Behind the growth of individual giving

The funding mix for nonprofit news remains highly reliant on charitable revenue but is becoming more diverse as donors both large and small account for significant shares of support.

Nearly nine out of every 10 dollars that support nonprofit news come from charitable sources: foundation grants, major gifts (\$5,000 and up), midrange gifts (\$1,000-\$5,000) and small donations (less than \$1,000). The small donations often come from memberships and other kinds of “reader revenue.”

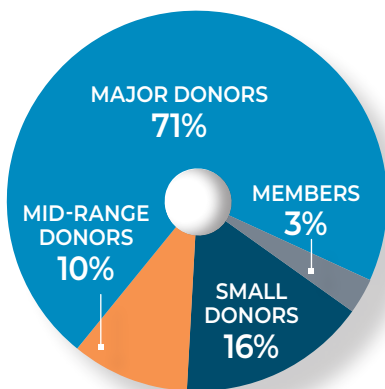
Approaching a more equal mix of foundation and donor revenue — in 2018, 43% came from foundations, and 39% from individual donors — bodes well for the financial stability of nonprofit news outlets. Donor revenue has proven to be a resilient source in the nonprofit field as a whole — 70% of funding for all nonprofits comes from individual donors according to Giving USA. Leading publishers say the time-consuming investment in developing a donor base is paying off for nonprofit news outlets.

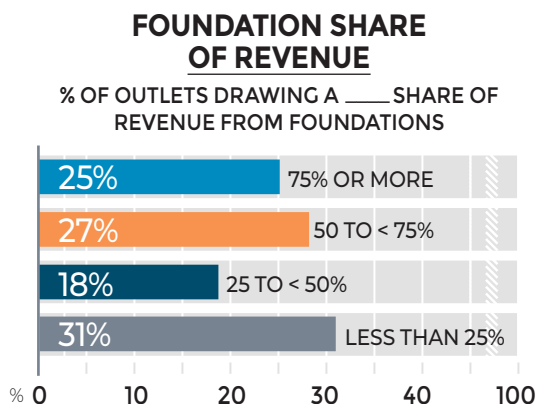
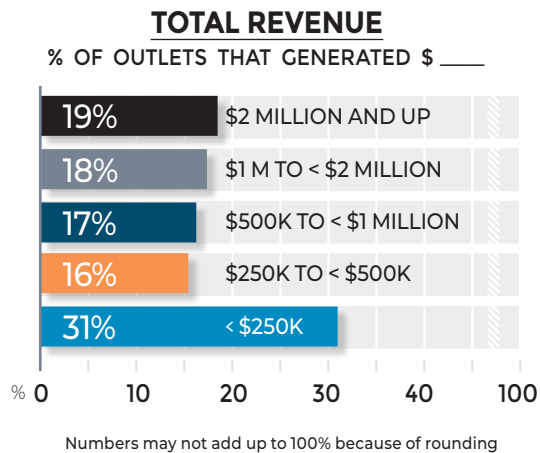
“It is a long slog. It’s like the olive grove. You don’t plant your olive grove and expect something to come up next season,” said Andrew Wallmeyer, CEO of MinnPost, a 12-year-old Minnesota outlet that derived about half of its revenue from donors in 2018. “Once you have got it, it’s the most valuable, resilient, sustainable revenue stream you are going to get.”

Comparing a 2011 study by Pew Research Center and the current INN Index reveals a dramatic rise in the share of revenue from individual giving, from 23% of all revenue in 2011 to 39% in 2018. The comparison shows a corresponding drop in the foundation share, from 63% to 43%, the first time studies have found that share dropping below half.

We found some confirmation of the shift in comparing 54 organizations that participated in INN Index in 2018 and 2019, with the

INDIVIDUAL GIVING
% OF TOTAL DONOR REVENUE
FROM —





caution that two years do not make a trend. Two-thirds of these outlets saw revenue increase, thanks to gains in donations of \$1,000 or more. Foundation revenue dropped below half of all funding and was roughly equal to donor revenue. (Some of the difference may be attributable to changes in the way publishers categorized funding sources.)

Most growth in individual giving was driven by major donations, which accounted for more than a quarter of total revenue. Midsize donations of \$1,000-\$5,000 made up 4%. Reader revenue in the form of donations or membership accounted for 8%.

One key reason for the growth is that publications are getting better at targeting donors with the help of a variety of support programs — many of them launched within the past few years.

Foundations, journalism organizations and university-based programs have dramatically ramped up their work to support news organizations' business growth and fundraising capacity. These include the annual NewsMatch fundraising campaign targeting small donors and INN's efforts to help members launch major gift fundraising programs. Work by the Lenfest Institute, Shorenstein Center at Harvard, the News Revenue Hub, Google, Facebook and others is helping news organizations build their direct audiences and convert news consumers to be regular donors.

NewsMatch is a foundation-supported initiative that matches donations, promotes awareness of nonprofit news, recruits other foundations to support local news, and provides publishers with training and tools such as email templates to recruit more donors.

As NewsMatch heads into its fourth year, the program has driven increases in individual giving across the nonprofit news field. In 2018, the two-month campaign helped 154 nonprofit news outlets raise donations of more than \$7.6 million. NewsMatch has raised nearly \$16 million since it launched in 2016. The number of new donors has increased each year: In 2017, 43,000 of 95,000 donors gave to nonprofit news for the first time; in 2018, 52,000 of 240,000 total donors were new.

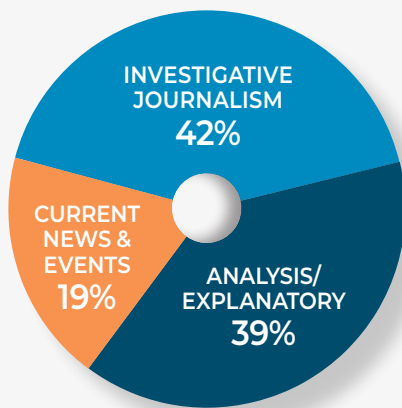
Two outlets provide good examples of how NewsMatch plays an important role in fundraising: LkldNow, a tiny local outlet in Lakeland, Florida, and Oklahoma Watch, a state investigative organization.

In its NewsMatch campaign, Oklahoma Watch hired a political fundraiser to learn how the nonpartisan news outlet could appeal to politically minded donors, according to David Fritze, executive editor.

NewsMatch helped the Lakeland site power up its fundraising efforts. A one-person operation since it launched in 2015, LkldNow

PRIMARY MISSION

% OF OUTLETS
FOCUSING ON _____



Deep coverage of public affairs

Nonprofit journalism is contributing significant accountability and explanatory reporting through its focus on public affairs topics such as government, education and the environment. The impact is widening, with INN members in 44 states, Washington, D.C., the Caribbean and Canada.

Four in five provide investigative or explanatory reporting while three in five cover only a single topic or several related topics, in contrast to the general news model of much of the traditional news media.

A growing group of more than 30 newsrooms serve communities of color, covering issues that sometimes don't attract other media attention, primarily at the local level. These include Alhambra Source, Flint Beat and Madison 365.

The nonprofits often collaborate with other organizations — four in 10 at least monthly. National-local partnerships are emerging as a way to strengthen local accountability reporting. ProPublica operates a Local Reporting Network, which supports investigative partnerships in 20 local, state or regional newsrooms.

participated in NewsMatch in 2018 and raised more than \$29,000 in donations, which enabled it to hire a part-time development staffer. LkldNow expects to bring on two full-time staff members in 2020, according to Barry Friedman, editor and publisher.

"NewsMatch tools brought greater focus to our fundraising efforts, along with compelling messages and the feel-good factor of having donations doubled," Friedman said. He said one benefactor provided a large donation and paid for a fundraising dinner that enabled the site to hire experienced freelance journalists. That single event continued to yield dividends, as the freelancers' reporting further enhanced LkldNow's appeal to donors in a community whose local newspaper staff shrank dramatically under group ownership.

Reader contributions may always provide a smaller amount of revenue than funding from major donors or foundations. But as public broadcasters can attest, this recurring revenue stream represents a steady source that publications can count on over time. Increasingly, technological advances also make it easier to collect payments and to remind donors or members to renew or raise their commitment. This, in turn, frees time to recruit more donors. Small donations also demonstrate public recognition that the outlets are doing reporting their communities care about.

At a time when commercial news outlets struggle to recruit paid subscribers, a mission-driven nonprofit may hold more appeal to prospective supporters.

When the Texas Observer switched from subscriptions to member donations it was able to sidestep the reluctance of many consumers to pay for digital access. "That was a big shift," Publisher Michael Kanin said. "Instead of asking 'Do you want to get access?' they asked 'Do you want to support the work we do?'" The Texas Observer raised nearly \$140,000 in membership revenue in 2018, more than one-tenth of its total revenue.

Membership programs are mostly in their early stages. Fewer than a third of Index respondents report having a membership program. About two-thirds of those programs are 3 years old or less and an equal share report having fewer than 1,000 members. Fewer than 10 outlets are generating 10% or more of their revenue from member contributions.

Cultivating donors of \$1,000 or more

Cultivating wealthy donors is a time-consuming, ongoing process, according to Lorie Hearn, executive director and editor at *inewssource*, an investigative local news outlet in San Diego. Donor relations work

takes about two-thirds of her time, and board members are active fundraisers, Hearn said. Individual donations of \$1,000 or more account for nearly two-thirds of *inewssource's* revenue.

Hearn said *inewssource* made significant headway with large donations after it created its Spotlight Club in 2016. The club has five different levels of giving starting at \$1,000 with names like Inside Source and Headliner.

"We found it was an effective fundraising tool to call it a club," Hearn said. "It is easier to say 'We'd love to have you be a member of the Spotlight Club' than 'Would you give us two thousand dollars?'"

Having different prescribed levels of giving helps set donor expectations and move donors up the ladder to give more. "We needed those added tiers because we wanted to encourage people to move up."

These efforts are paying off as *inewssource* raised nearly \$660,000 in donations of \$1,000 or more in 2018, up nearly 25% from the year before.

Oklahoma Watch targeted large donors by adopting practices from INN major gifts coaching, Fritze said. The training provided basic techniques and helped publishers write mini-scripts for engaging with potential donors. Fritze said the outlet also was more aggressive about asking board members to give larger donations and enlisting their help to identify prospects and land other gifts.

As a result, Oklahoma Watch increased revenue from major and midsize donations from \$7,500 in 2017 to \$51,750 in 2018.

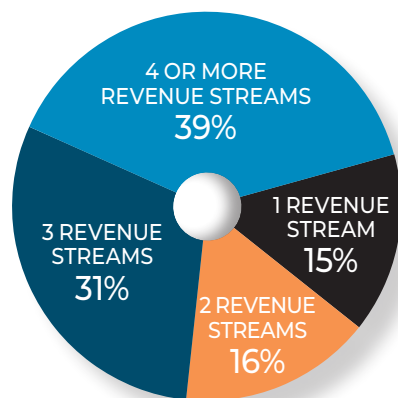
Publishers also can tap into growing public awareness that journalism is in crisis in the United States, awareness heightened by the erosion of local news sources and sharp political attacks on journalists and news outlets.

American journalism has seen steep declines in the past decade, largely driven by a financial crisis in newspapers. According to [Pew Research Center](#), newsroom employment in the United States fell by 25% from 2008 to 2018, to 86,000 jobs, a loss of 28,000. In July, [one study](#) found that the U.S. news industry is on track for its worst year since the recession that spanned 2008, with 3,000 jobs lost in the first five months of 2019.

Meanwhile, research has found that a decline in journalism is related to [weaker](#) civic engagement, [lower](#) voter turnout, and [increased difficulty](#) in voters' ability to evaluate candidates. The problem is gaining urgency: Researchers have sounded the alarm about the growing problem of "news deserts," estimating that 1,300 American communities have [lost local news coverage](#).

DOLLARS PER DONOR		AVERAGE DONATIONS IN DOLLARS	TOTAL DONATION IN MILLIONS OF DOLLARS
1,385 MAJOR DONORS	GAVE →	\$38,422	\$53.2
3,310 MID-LEVEL DONORS	GAVE →	\$2,149	\$7.1
140,741 SMALL DONORS	GAVE →	\$85	\$11.9
34,253 MEMBERS	GAVE →	\$72	\$2.5
179,689 TOTAL	GAVE →		\$74.7

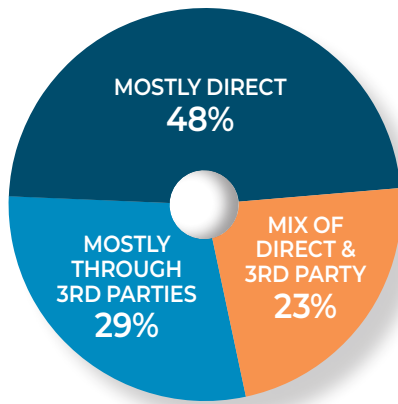
REVENUE DIVERSITY % OF OUTLETS THAT HAVE



Numbers may not add up to 100% because of rounding

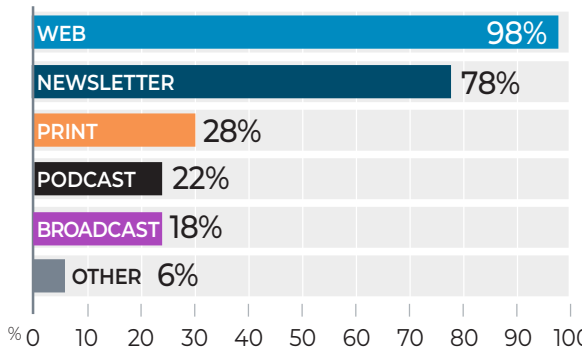
AUDIENCE DISTRIBUTION STRATEGY

% OF OUTLETS THAT DISTRIBUTE THEIR CONTENT _____



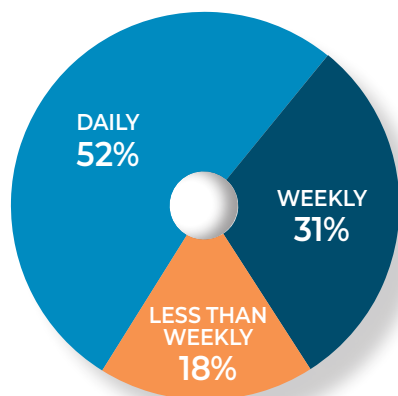
DISTRIBUTION CHANNELS*

% OF OUTLETS THAT DISTRIBUTE VIA _____



PUBLISHING FREQUENCY

% OF OUTLETS THAT PUBLISH _____



Numbers may not add up to 100% because of rounding

If attacks on journalism continue at the national level and more communities find themselves without a good source of local news, that grim landscape may inspire the launch of nonprofit news outlets as an alternative.

The interplay between revenue and audience strategies

The push for more donation revenue is also beginning to reshape distribution and community engagement practices, as nonprofits seek a more direct connection with audience members who are potential donors as well as news consumers.

The growing need for nonprofit news organizations to connect directly with their audiences as potential donors is prompting some publishers to fashion a two-track strategy for distributing their news, both directly and through partners. Three-quarters publish at least some of their reporting through other publications. That additional exposure can boost the reach of their work, and some see sharing coverage as part of their nonprofit model and mission.

But fewer than one-third say that partner distribution is their primary means of publication, as more publishers look to directly engage core consumers through their websites and email newsletters. Nearly half say their primary means of distribution is to connect directly with their audiences through their own website, newsletter or another channel that they control. And the rest say it's a mix.

Email newsletters represent an important way for publications to reach users directly, cement their brands, and serve a pool of loyal readers who may be converted to donors. Four out of five outlets circulate an email newsletter to a median of about 6,500 subscribers.

It is unusual in new or specialized media fields, such as independent music, podcasts, TV series or movies, for those producing the work to also try to develop their own direct audiences to the extent that news organizations do. Podcasts require specialized technology to create the best consumer experience, and that is often cited as a reason they are largely distributed by podcast platforms.

Investigative and in-depth news are similar in that they are specialized content. These types of coverage rarely stand alone as a product, but instead are often consumed in a mix with other kinds of news or content. Index data indicates that many nonprofit news organizations aren't yet getting enough data on third-party distribution of news to weigh its impact and revenue potential versus the return on investing in direct audience development around specialized news.

Diversity in news nonprofits

Nonprofit newsrooms tend to be more diverse than many U.S. media sectors, though when it comes to race and ethnicity, they still have a way to go before they mirror the U.S. labor force.

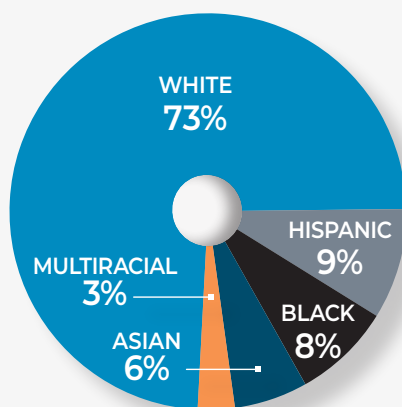
Most nonprofit news workers are white and more than half are women.

For comparison, a Pew Research Center [analysis](#) of census data found that across all U.S. news media, 77% of journalists are white and 39% are female. Trade organizations for specific media sectors paint a similar picture: [The American Society of News Editors](#) found that in recent years, more than eight in 10 newspaper journalists were white, and nearly two-thirds male. Likewise, the [Radio Television Digital News Association](#) has found that nearly 80% of TV newsroom staff are white and more than half are male. Radio newsroom staffers are even more likely to be white and male.

A new ASNE survey indicates online-only outlets may be more racially diverse than the field as a whole. And compared with the U.S. workforce overall, nonprofit news leads when it comes to representation by women, since the majority of American workers are male, according to the [Pew analysis](#). However, a gap persists: Just under two-thirds of the U.S. workforce is white.

STAFF RACE/ETHNICITY

% OF STAFF WHO ARE ———



Respondent categories accounting for less than 1% were not included in the chart

Numbers may not add up to 100% because of rounding

Experimentation is likely to continue.

Organizations that have published primarily through other outlets and that do not publish daily face considerable challenges when they attempt to grow direct engagement.

The Wisconsin Center for Investigative Journalism began an effort to expand its direct online audience as part of a strategy to increase individual small donations. It developed the strategy with help from Facebook's Local News Membership Accelerator in 2018.

The center distributed its unique Wisconsin-focused reports primarily through other publications, such as newspapers in the state, in order to reach wider audiences and gain visibility. That approach delivered significant reach: through a partnership with the Associated Press set up by the INN Amplify Project, its 22 major reports in 2018 were picked up by nearly 300 news organizations in the U.S. and Canada and reached an estimated audience of 12 million people online and nearly 6.7 million people in print.

In 2019, the center worked to expand its direct audience through its Wisconsin Watch publications. The effort drew on market research, included a rebranding and more aggressive use of e-newsletters and social media, and paid marketing via public radio sponsorships and targeted Facebook ads, Executive Director Andy Hall said.

As a result, the number of site visitors more than doubled to nearly 36,000 a month between April and June and newsletter subscribers more than doubled to nearly 4,700, thanks to a readership campaign conducted during those months, according to Associate Director Lauren Fuhrmann.

The center in 2019 also began to achieve significant growth in donation revenue. In 2018, individual donations to the center topped \$100,000 for the first time and are projected to double to \$200,000 in 2019 (not including an additional unexpected gift of \$100,000).

Earned revenue

Three-fourths of the outlets report revenue from one or more earned sources, the most common being advertising, sponsorships and sponsored events. However, while the share of total revenue from earned sources is 12%, many outlets report only tiny amounts of revenue from earned sources.

Advertising and sponsorships together accounted for 5% of total revenue. Events revenue, mostly coming in the form of sponsorships, accounted for 2%. Subscriptions accounted for 3% but that average was

Staging events to engage community

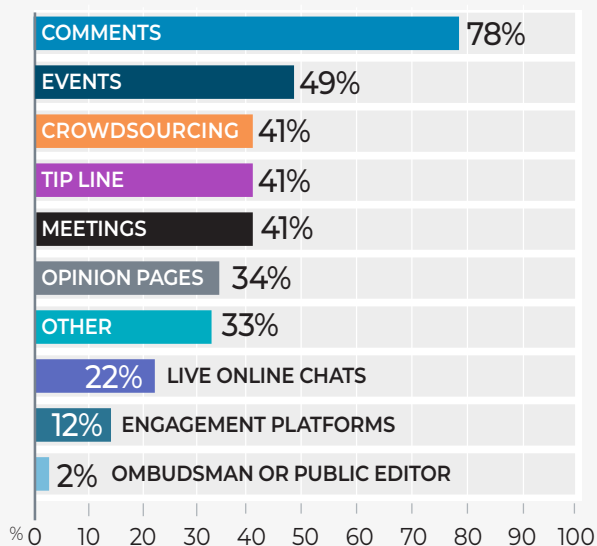
While events represent a significant revenue source for a few nonprofit news outlets, they are more commonly a way to engage with an organization's audience.

Three-quarters of the outlets put on events, more than half with community partners. Nearly half of the outlets staged one or more events as an engagement practice in 2018. Most commonly, publishers say they stage events to deepen connections with readers, present editorial information, raise their visibility or cultivate donors.

Other common engagement practices include enabling comments on stories, crowdsourcing and meeting with community members.

AUDIENCE ENGAGEMENT TACTICS

% OF OUTLETS THAT USE ____



skewed by three organizations. Other sources include syndication and journalism training.

Some funders encouraged publishers to explore earned sources a decade ago after seeing early successes at the Texas Tribune and NJ Spotlight (sponsored events), MinnPost (advertising) and the New England Center for Investigative Reporting (investigative journalism training).

Earned revenue has long posed a challenge for nonprofit news organizations, especially small, lean startups staffed largely by journalists. Few possess sales expertise required to attract advertisers, sponsors or event sponsors, and these revenue streams can take substantial time to develop. Skilled advertising sales representatives in particular are in high demand and thus have opportunities with large companies that offer higher compensation.

About one-third of the publications report revenue from advertising, accounting for 3% of total revenue across the field.

A few outlets are earning significant revenue from advertising, including VTDigger, which derives about a quarter of its total revenue from ad sales. Other publications with large shares from advertising have print products, including Adirondack Explorer, Mother Jones and Nonprofit Quarterly.

Anne Galloway, founder and editor of VTDigger, said compelling daily content and the ability to command high rates are among the keys to success.

"The secret sauce is daily must-read news, a significant increase in pageviews, persistence with clients, a \$10 CPM, speciality placements and in-line ads," Galloway said. By comparison, advertisers nationally in 2018 spent an **average of \$2.80 CPM** (\$2.80 for each 1,000 impressions) on the Google Display Network. Unlike many publications, nonprofit outlets like VTDigger reach smaller, civically engaged audiences that advertisers may pay a premium to reach.

Sponsorship accounted for less than 2% of total revenue. More than a quarter of outlets reported revenue from underwriting or non-event sponsorships. Two-thirds totaled less than \$50,000 per outlet. Texas Tribune raised nearly \$1.7 million; no other outlet topped \$400,000 from this source.

Events revenue, largely derived from sponsorships, accounted for 2% of total revenue. (For INN Index, news nonprofits broke out event sponsorship revenue from other kinds of sponsorships.) Well over one-third of organizations reported events revenue but about two-

Growing the business

Nonprofit news organizations traditionally have invested most of their resources into the journalism that they produce, but as the field matures there are signs that investing in the business side is becoming a bigger priority.

Across the field, editorial costs accounted for 59% of expenses in 2018. Expenditures related to revenue generation (15%), technology (9%), and administrative needs (18%) accounted for the rest. (As recently as 2012, the [biggest concern](#) among nonprofit news publishers was finding enough time for growing their business in a climate where nonprofits were encouraged to invest 80% to 90% in their core program activities.)

Most nonprofit news outlets are modest operations based on staff size as an indicator, with a median labor force of seven. (The average number is 12 employees, reflecting a wide range of outlet sizes from just one or two staffers to some with many dozen.)

Nearly all news nonprofits devote at least some staff hours to revenue generation. Chief executives at these organizations play no small role here: Across the field, revenue generation accounts for a third of all CEO time, approaching only editorial work as a top priority.

More are hiring development directors, a sign some editors are benefiting from hard-earned lessons of the scrappy early days of nonprofit journalism. One of them, Nancy West, of the New Hampshire Center for Public Interest Journalism, hired a contract development director though the organization is still relatively young and small. West depicted the move as a game changer, saying, “We have grants out there we never would’ve gotten done this year” otherwise.

thirds said they earned less than \$50,000 from events. Many news organizations see events as an extension of their editorial and nonprofit mission, focused on community engagement rather than revenue, and so revenue development may be secondary. This still suggests a bigger opportunity across the field. Texas Tribune reported the most revenue, at nearly \$2.2 million. The next highest were NJ Spotlight and Texas Observer at roughly \$240,000 each.

State outlets report a higher share of total revenue from earned sources than their local or national/global counterparts. In attracting sponsors for their websites or events, state outlets have the advantage of being able to connect the people and institutions that want to influence policy with a defined community of policy-makers and readers interested in civic life. State outlets also draw more of their revenue from individual giving than from foundations and have more balance in their revenue sources.

Revenue diversity

Growth in revenue from donors and more diverse sources may help assure greater financial stability for many news outlets.

While foundation funding remains a mainstay, more than two-thirds of the nonprofit outlets report having three or more revenue streams. Although it is impossible to correlate revenue diversity to revenue growth from the data, having more than one or two distinct sources may increase financial resilience because if one source is diminished, the organization can fall back on the others.

No magic number of sources makes sense across the field. Certainly, legacy newspapers learned at their peril that two sources — advertising and subscriptions — were not enough to sustain them as news consumers moved to the internet.

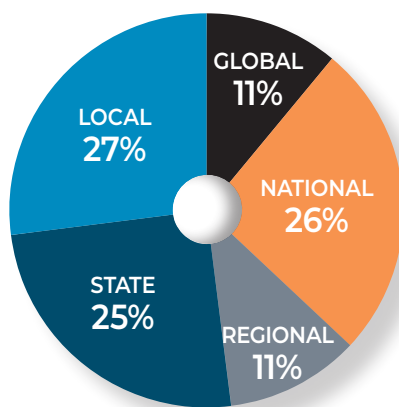
However, developing new streams may stretch capacity. Publishers often say they are continually weighing goals of greater revenue diversity — and the financial resilience it may afford — against the expense and time needed to develop each separate revenue stream and the experimentation needed to find which investments generate meaningful returns. “Innovation grants” have helped some organizations over these hurdles, but limited availability of such grants or other growth capital funds for news nonprofits are a challenge cited by many nonprofit news leaders.

Several revenue streams have room to grow.

While foundation grants will continue to be an important part of the funding mix, nonprofit news outlets may be able to tap more

GEOGRAPHIC SCOPE

% OF OUTLETS
FOCUSING ON ____ NEWS



large donations as well as reader revenue. Publishers may also be able to grow earned revenue as they learn which sources can be developed most effectively for different types of outlets and communities.

The need for experimentation

A revenue mix of foundation grants plus individual giving, alongside some earned revenue from advertising and sponsorship, has proven successful for a large number of publishers. But for some, it is unclear whether that model will ultimately be the right fit. Among outlets rooted in communities with little access to wealth, the conventional formula may be neither achievable nor desirable.

City Bureau, a nonprofit newsroom on the South Side of Chicago, seeks to promote collaboration between journalists and the community. For now, the majority of City Bureau's revenue comes from grants. But according to Harry Backlund, director of operations and business strategy, there is a lively debate among the staff about what the future should hold: "Will the people who support our work be the same ones our work is for?" While City Bureau is pursuing similar revenue opportunities as other nonprofits, such as major gifts and membership, building a "new constituency for journalism," according to Backlund, must include fundraising outreach to communities that are central to the conversation about news in Chicago.

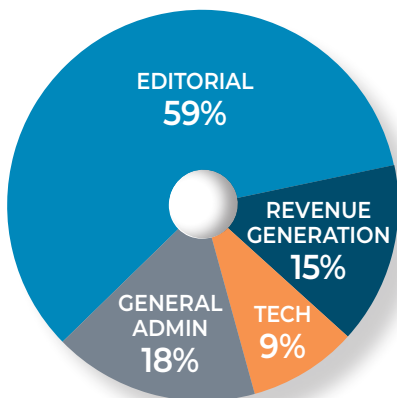
Call it a journalistic intervention. That's how the small team at Outlier Media sees its role, trying to improve the lives of low-income residents in Detroit by meeting critical information needs on topics such as utilities and housing. Outlier Media's philosophy drives its journalists to think creatively about every aspect of their work, including distribution (a [mass-texting service](#)) and business model (cultivating revenue streams from within, and not just outside, their core communities).

For Candice Fortman, chief of engagement and operations, there is a danger in a news organization relying too heavily on wealth that comes from outside the community: "We end up in situations where we're not serving large swaths of our communities because we don't think they have monetary value," said Fortman.

For Outlier, City Bureau and other newsrooms serving mixed- or low-income communities such as Tyler Loop, a local outlet in a diverse city in Texas, and MLK50, which focuses on power, poverty and public policy in Memphis, Tenn., revenue experiments are still in very early stages. But each in their own way is trying to push beyond the idea that revenue supporting news for poor communities must inevitably

OPERATING EXPENSES

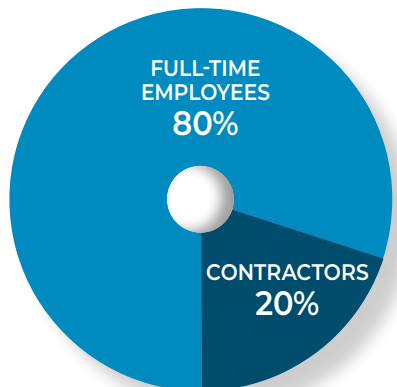
% OF TOTAL SPENDING ON —



Numbers may not add up to 100% because of rounding

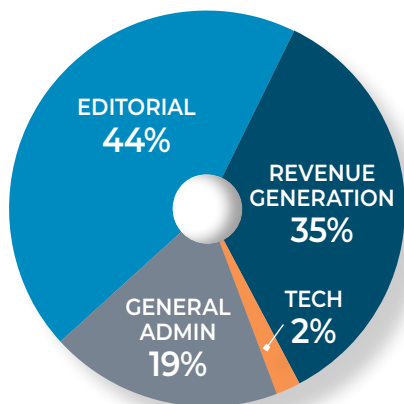
WORKFORCE

7 = MEDIAN FTE PER OUTLET



NONPROFIT CEO TIME USE

% OF TOTAL CEO TIME SPENT ON — TASKS



come from outside those communities.

Revenue generation capacity lags

Whether seeking established revenue sources or ones yet to be discovered, publishers need to consider devoting more resources to revenue generation.

A ratio of one revenue development dollar for every four dollars spent on the editorial side is unlikely to yield the significant revenue increases that nonprofit outlets need to grow. Across the field, nonprofit news outlets devote 59% of their budget dollars to editorial compared with 15% for fundraising. Technology and administration expenses account for the remainder.

News nonprofits run lean operations with a median workforce of seven, and raising and maintaining their journalistic profile is a top priority. As a result, journalist-led nonprofits have tended to be much more adept at and focused on journalism at the expense of revenue development. Another factor that prompts many grant seekers to minimize non-editorial costs is the 10% limit on fundraising that Charity Navigator requires for a top financial fitness rating.

INN encourages nonprofits to share information with funders about the emergence of news as a philanthropic cause and the disruption of the economics of journalism. Both factors support the need for higher investment in business models and fundraising so that communities can find new ways to retain or restore long-term news coverage.

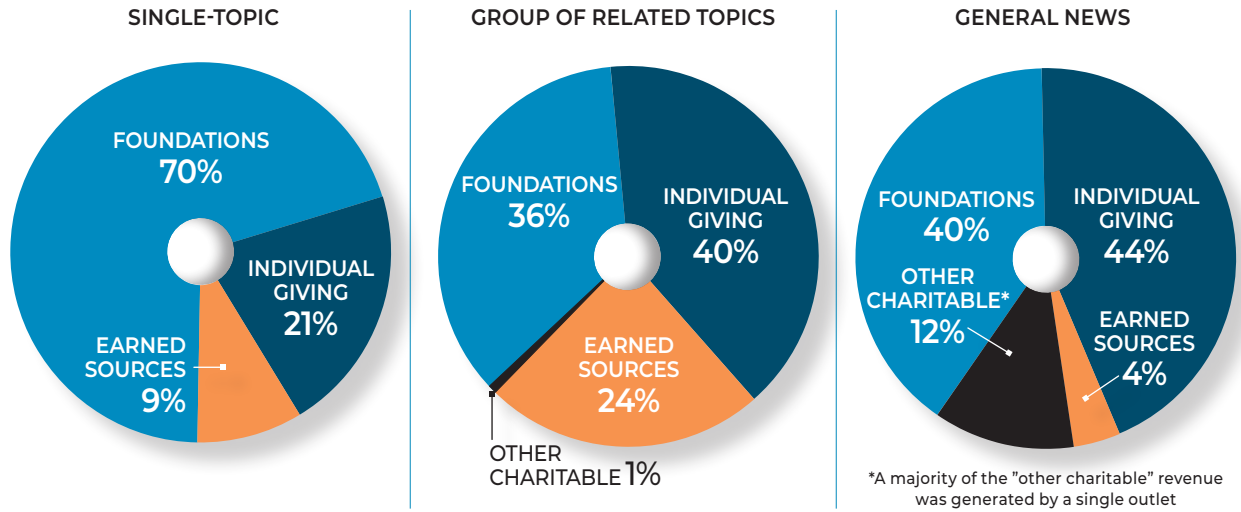
There are signs that organizations may be shifting more resources toward revenue development — a slight increase from 10% in 2017. Gone are the days of complete separation between newsroom and business side, even as the value of editorial independence remains at top of mind: About one-third of total CEO time is spent on fundraising, even while much of the rest of CEO hours are spent on editorial matters.

Matthew Copeland, chief executive and editor of WyoFile, said donors won't commit if they aren't sold on the mission. And to sell the mission, it helps to have someone with one foot in the business side, and another in editorial.

WyoFile increased its revenue among midsize and major donors by about 40% over the course of the year. Copeland attributes WyoFile's success with major donor growth to a number of factors, but chief among them is the way the organization reimagined his leadership role. Copeland spends a lot of time building relationships with potential donors in Wyoming. But since he's also the editor, and has a journalism background, his pitch is more persuasive than it might otherwise be.

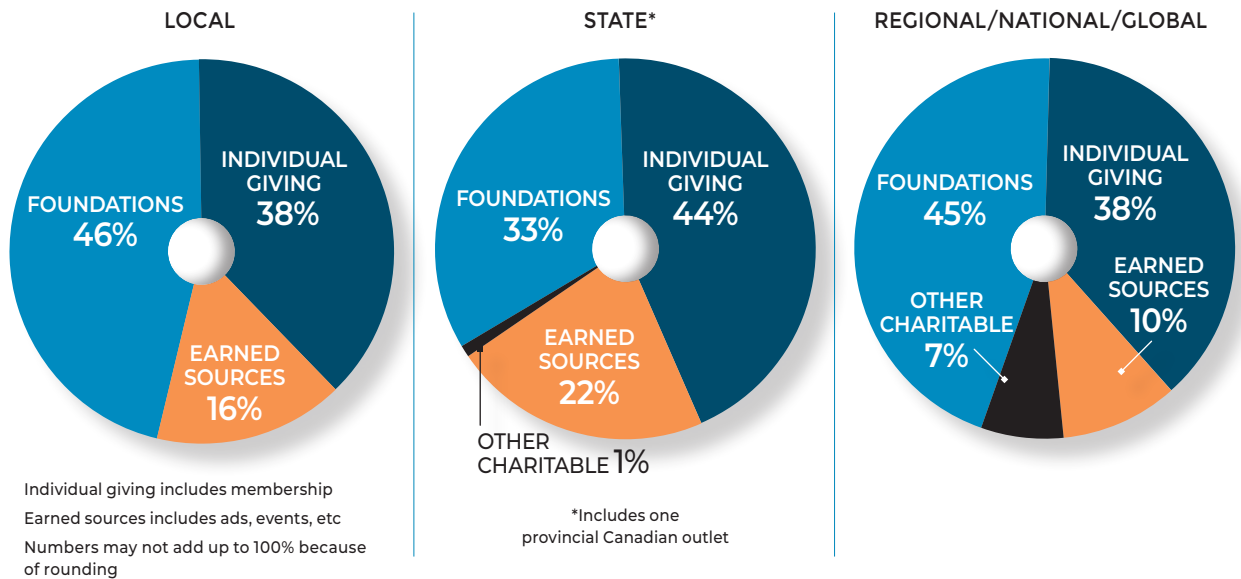
REVENUE STREAMS BY COVERAGE SCOPE

% OF TOTAL REVENUE FROM _____



REVENUE STREAMS BY GEOGRAPHIC SCOPE

% OF TOTAL REVENUE FROM _____



“It’s a subtle, but significant difference, coming from someone who is actually executing the mission, as opposed to just selling it.”

The impact of mission on revenue

Several factors influence the revenue models of nonprofit news outlets: Frequent publication goes hand in hand with direct distribution on the web. Geographic scope and editorial priorities also play key roles in shaping an effective revenue mix, the data show.

For example, outlets that focus on a single topic such as education or the environment are far more likely to rely on foundations for funding (70% of total revenue in 2018, compared with an average of 40% or less for sites that cover general news or focus on a cluster of related topics.) Single-topic publishers can identify and target foundations that care about their specific coverage area, a potentially easier sell than asking a foundation to fund journalism.

Sites that cover a small group of related topics such as government and politics generate 25% of their funding from earned revenue such as advertising, sponsorship and events. That’s more than double the share of earned revenue received by single-topic sites or general news outlets.

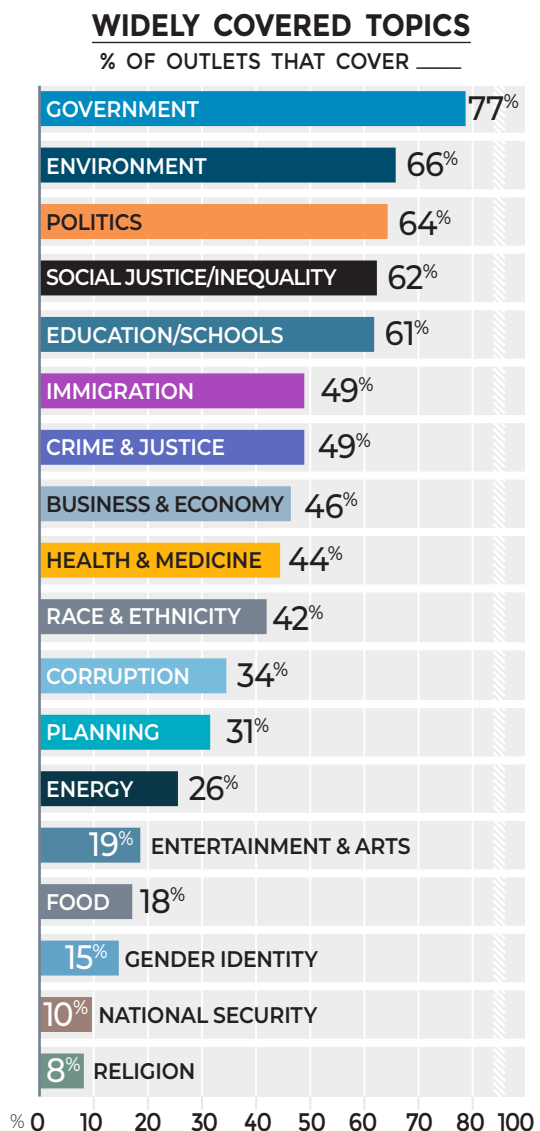
Nearly \$4 out of every \$5 of nonprofit news revenue goes to organizations with a national, multistate or global footprint. Just four of them took in a combined \$78 million.

State outlets — which account for one-fourth of all nonprofits — stand out for their revenue diversity.

Nonprofit news organizations have much in common even if their scope or mission differs. Their journalistic missions are shaped largely by the gaps they are trying to fill — investigative at the state, national and global level; more general news at the local level.

Each similar cluster is forging a different path to revenue growth and diversity. Their paths to financial stability may lead them to different models for distributing their work — although direct reach is becoming a priority across the board.

Nonprofit news outlets not only have increased remarkably in number but a majority of them are growing over time in various ways: expanding staff and coverage and publishing more news more often. Experimentation is developing sustainable and growing revenue streams and strengthening their case for more community support.



Concentrating greater resources on long-term revenue development for news is supporting rapid growth in nonprofit journalism, and there is momentum to build on in the years to come.

REPORT CREDITS

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Cover photo courtesy of The Hechinger Report

Conclusion

Nonprofit news organizations will increasingly be clustered into distinct models shaped by factors such as the geographic region they serve, how often they publish and the range of topics covered. Indeed, the smart publishers will be those who identify what works well for those sharing common characteristics.

Data on nonprofit news revenue shows growing numbers of people are willing to financially support a free press on an ongoing basis. Efforts to diversify revenue and lessen reliance on foundation grants are beginning to pay off in the form of individual donations, especially major gifts. This growth has come during a strong economy and some worry that giving could slow in a recession. But the last recession saw a boom in nonprofit news, and a recession's impact on commercial media could also accelerate the move to alternatives.

News sites must keep innovating on ways to help people find them. Most news nonprofits are young. They are still establishing their brands. Getting discovered will remain a complex challenge for all types of emerging news outlets.

Many nonprofit news organizations reach people by sharing or syndicating their news through large, legacy media outlets. That third-party distribution can provide startups with an instant reader base but obscure their brands, blocking or delaying their abilities to build a loyal following and direct revenue.

Expect to see nonprofit newsrooms keep searching and experimenting to find the right balance between building their own grassroots connections with consumers and leveraging other media for distribution. The two-track strategy of doing both is likely to continue for specialized and high-investment reporting such as investigative work.

The nonprofit news field needs better measurement of third-party distribution and reader engagement to understand these trends, and how consumers find, recognize and choose to trust news sources.

Earned revenue shows potential for greater growth, particularly in sponsorship and underwriting. The revenue realized by a few leaders in this area shows it has potential for others.

Overall, news leaders and their funders would be wise to concentrate greater resources on long-term revenue development for news. That kind of added effort is supporting rapid growth in nonprofit journalism, and there is momentum to build on through the next few years and beyond.

The ongoing disruption and reinvention of the news industry means that needs are growing for newsrooms producing the kind of trusted public service journalism that we now see communities are willing to step up and support.

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