

FTC Future of News Roundtable National Press Club, June 15

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J-Lab sees some valid opportunities for government support for the future of news. But we are not in favor of billions of dollars in direct government support – not at this time, not with the current U.S. deficits. We do, however, favor modest support for new media developments that are setting the course for the future.

Much of J-Lab's work helps create community news sites, so I'll focus there since I may be that segment's only representative here today. J-Lab has funded 62 news startups with \$1 million in funding since 2005. But the demand is fierce: we have received more than 2,700 proposals for that money.

(Contrast that with U.S. media investment overseas. Right now, the U.S. is accepting applications to fund nearly \$50 million in media programs in the Palestinian territories, Afghanistan, Bosnia/Herzegovina and the Congo.)

The proposals we see reflect a robust reality: Hundreds of communities are now getting news and information about their towns that they've never received before – not even in the heyday of American journalism. Moreover, investigative journalism is undergoing a rebirth in discrete nonprofit projects. According to a 2009 J-Lab report, they are the darlings of the foundation world, receiving more than 50 percent of at least \$143 million in grants to independent news projects since 2005.

Much of this news is being provided by new-media journalists – some citizens, some professionals. And that population of media makers is growing exponentially.

Is all this journalism making up for what has been lost in traditional newsrooms? No. Not yet. Will these projects be sustainable? Time will tell.

Those that serve as good stewards of their communities or their niche areas will probably last.

In large part, I am not confident that major government support, in the form of direct funding, will be able to penetrate all these new corners of the ecosystem where bottom-up innovation is flourishing. And a large bureaucracy to administer it is not justifiable.

I think there is a bigger social return to be gained from modest investments in new journalism enterprises.

- 1) For one, we urge the Corporation for Public Broadcasting be recast as the Corporation for Public Media.

As a **condition** of taxpayer support, we urge the government to require public radio and television stations to demonstrate **active** collaboration with quality local news sites.

How? Through content sharing, licensed content, micro grants, or serving as fiscal agents and providing co-working spaces for journalism startups in their facilities. Local public broadcasters could be the hubs of local news networks and that should be incentivized with the tax dollars they receive.

We'd also urge, as a condition of public support, **greater accountability** from public broadcasters: How much of their public funds – and preferably their annual operating budgets – support journalism vs. art, talk shows, buildings, equipment and fundraising? For one thing, it would provide some road maps for any future support.

- 2) Second, the federal government should pay particular attention to supporting not just journalism, as important as that is, but also **new forms of civic participation**. We should support participating in public life not just through the ballot box but also through the **media**.

Over the last five to six years, we've seen how both ordinary citizens and independent journalists are covering municipal meetings, profiling candidates for local office, spotlighting empty ballot positions, holding local officials accountable and uploading and crowdsourcing documents. For some, it's a new form of volunteerism; for others, a hobby. Still others hope

it will be a business. Major news outlets have come to rely on, and even partner with, these efforts – sharing content, links, and soon even revenues.

Many citizens are launching community news sites with their own funds and sweat equity. Others are cobbling up support that can range from as little as \$50,000 a year to \$2 million for larger independent metro sites.

To help these startups, we recommend creation of a Public Media Participation Fund – accompanied by a public service campaign to make it cool to be a community watchdog. It could be funded with a buyer tax, say \$1, on each cell phone, laptop, television purchased. Manufacturers could be asked to match these contributions - enticed with business tax deductions, if necessary. This could create a media pool of as much as a half-billion dollars.

Funds should be distributed to new or traditional news outlets that create journalism collaborations that juice watchdog journalism and civic participation. It could fund as many as 5,000 awards at \$100,000 apiece.

3) We urge the use of tax credits to support new forms of journalism.

- Allow news contributors to receive a tax credit for their civic media work (\$1,000 to \$1,500/year.)
- Allow mileage deductions for citizen reporters at the business rate of 50 cents per mile to cover community news instead of 14 cents now allowed for service to charitable organizations.
- Allow corporate sponsors and individuals to take a double tax deduction for their contributions to news sites.

4) Finally, we'd also favor a dedicated section of the IRS Code for noncommercial news ventures that would establish revenue and grant guidelines and call for transparent disclosure of funding sources.

Keep it simple. Keep it modest. Nurture innovation. Go for a high social return. Thanks for the opportunity to share these ideas with you.

