



BENTON
FOUNDATION



What's at Stake for the Public in Media Policy

Annual Report 2003



Focusing on Our Media Future

The future of media and communications in America is cause for serious concern. Despite dramatic increases in the number of information channels entering American homes, ownership of these channels is in fewer and fewer hands. And the decline of independent sources and quality of programming is a result. These trends threaten values of access, diversity, and equity. At stake is who controls everything we see, hear, and read. At stake is our ability to get our message out and make a difference. At stake is nothing less than the health of our democracy.

After a decade as an operating foundation, leveraging our modest annual endowment draw with substantial support from other funders, the Benton Foundation in 2003 started returning to our roots as a small grantmaker. Spurred by the economic downturn, we reexamined our priorities and decided to concentrate our limited resources on Media Policy and Public Service Media—preserving, protecting, and strengthening the public benefits in America's media environment—areas of longstanding core interest.

Why do we feel this arena is so important now? Our nation's laws require broadcasters to promote the public interest in return for their free use of our airwaves, and rules have long been in place to promote goals of competition, diversity, and localism. Unfortunately, the vision and the reality are increasingly at odds. The sad truth is, when it comes to public and civic affairs, election coverage, and independent and children's programming, our media are not serving us well.

The current trends are troubling, but the future does not have to be. We can envision a brighter future of new media voices and choices, where new technologies put citizens more in control, where policymakers rectify the balance between public and private interests. Together, we can bring that future about, but it will depend on informed decisions and collaborative action now, before new rules are in place and it is too late.

A handwritten signature in blue ink that reads "Charles Benton".

Charles Benton
Chairman and CEO

The Benton Foundation is committed to helping funders and nonprofits recognize their stake in critical media policy issues and advancing visions of a positive media future.

The biggest challenge for our democracy views that enables people to make real

Access, diversity, and equity—these values motivate the Benton Foundation's work. We hold a strong belief in the power of communications technology and media policy to deliver new opportunities, strengthen communities, and enliven public debate.

Program Highlights in 2003

Congress, the courts, regulators and companies are making communications policy decisions that will have far-reaching consequences for competition, innovation, and consumer well-being. In 2003 the Benton Foundation focused on several activities to protect public interest values in media and to inform public debate on issues affecting citizens and communities.

Nurturing Technology Opportunities

A free society must guarantee access to information, and modern communications technologies can be unprecedented tools toward that end. In 2003 Benton continued its exploration of

new policy options for applying technologies that can expand consumer voices and choices.

Educational Technology: In early 2003, Benton and the Education Development Center published *The Sustainability Challenge: Taking Ed-Tech to the Next Level*. This report summarized four years of research funded by the Joyce Foundation focusing on sustaining major national investments in learning technology and framed future policy options.

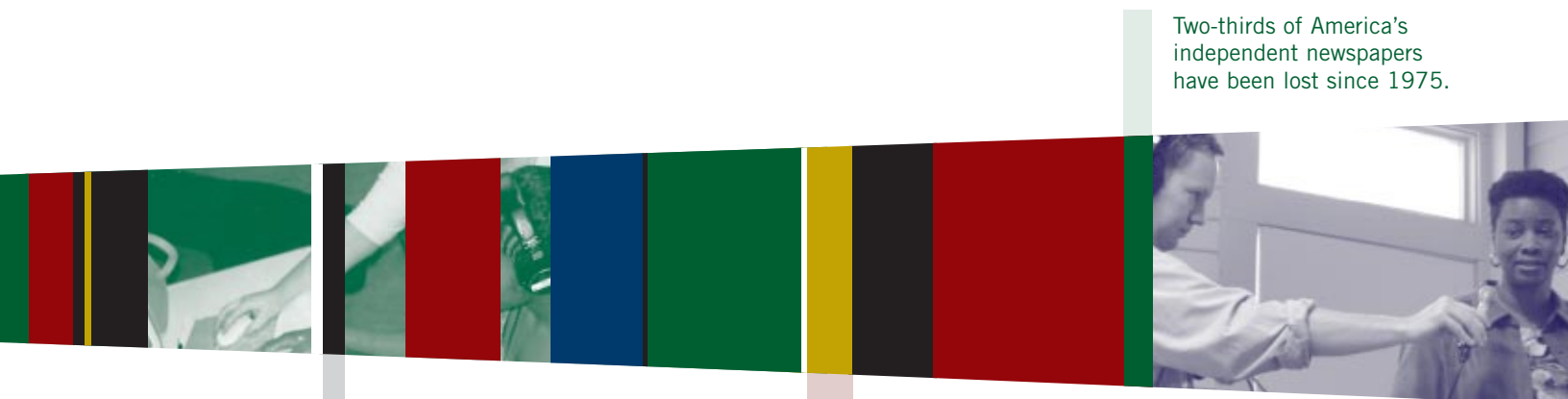
Broadband: In March, Benton and the Alliance for Public Technology released *A Broadband World: The Promise of Advanced Services*, a report on innovative state and local strategies for broadband deployment, including profiles of cutting-edge applications for education, telemedicine, public safety, and worker training.

E-Government: Benton and the New York State Forum sponsored a virtual conference examining policies and practices needed to assure that e-government can help bridge the digital divide rather than widen it. Held online November 3-14, 1,300 people participated from over 80 countries.

Two-thirds of America's independent newspapers have been lost since 1975.

Over 71 percent of Americans have some form of online access.

About 80 percent of U.S. households subscribe to cable or satellite systems offering multiple channels of video programming.



Public society is assuring the diversity of reasonable, informed choices.

Encouraging Community-Driven Media

Toward preserving space for noncommercial expression in the communications system of tomorrow, the foundation has promoted diverse and community-driven information sources.

Sound Partners for Community Health: With funding from The Robert Wood Johnson Foundation, Benton completed the sixth year of a ten-year grant program that supports promising local alliances between public broadcasters and nonprofit community partners to examine health issues of local importance and enable community agenda-setting and action.

WebJunction: In May, Benton helped launch this online community of libraries and other agencies sharing knowledge and experience to provide the broadest public access to information technology. WebJunction is led by the OCLC Online Computer Library Center with funding from the Bill & Melinda Gates Foundation.

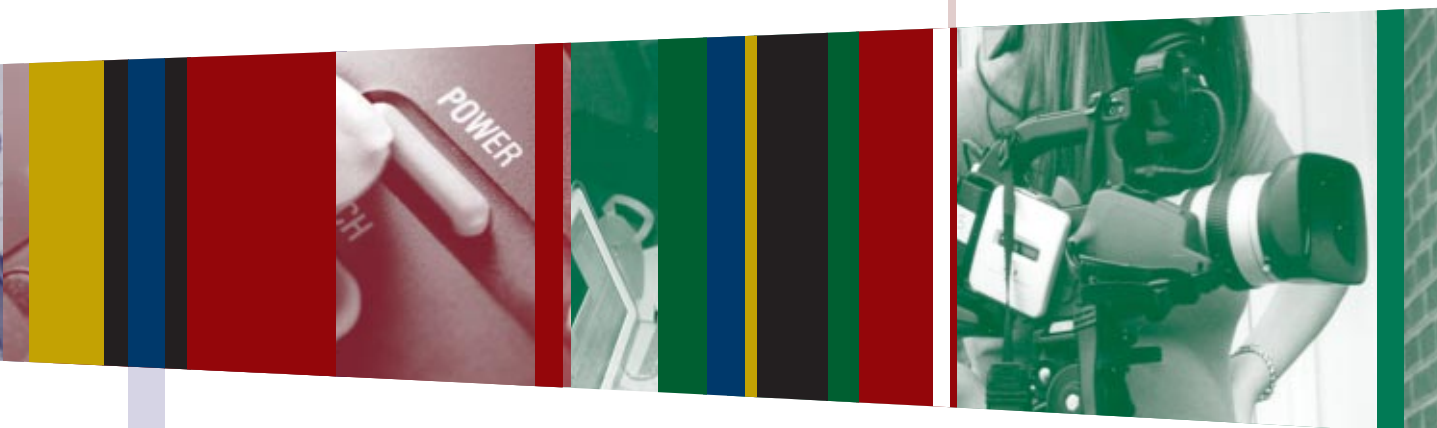
OneWorld United States: Since 2001, OWUS has brought American audiences alternative news and views from more than 1,600 civil society organi-

zations working in human rights and sustainable development. In 2004, OWUS is spinning off as an independent nonprofit.

Informing Media Policy Debates

In early 2003, as the Federal Communications Commission decided to loosen longstanding rules governing media ownership, Benton drew unbudgeted monies from its endowment for an initiative on the implications of the FCC's move for citizens and local communities. Calling for a more inclusive process of public engagement in preserving and strengthening rules that promote a diversity of voices and greater civic discourse, Benton cosponsored the Arizona People's Forum on Media Ownership in April. We also held three Media Ownership Roundtables in Washington, DC, with representatives from foundations and public interest and constituency groups to discuss strategic priorities for the future.

Five companies now own the broadcast networks, own 90 percent of the top 50 cable networks, and produce 75 percent of all prime time programming.



Wh
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and

At the end of the 1990s, minorities owned just 2 percent of U.S. TV stations and 4 percent of the nation's AM and FM radio stations.

The source for the facts presented here is H.R. 4069 (Media Ownership Reform Act of 2004), introduced on 3/30/04 by U.S. Rep. Maurice Hinchey (NY-22).

Statement of Financial Position

As of December 31, 2003 (unaudited)

Assets	
Cash and investments	\$ 8,696,991
Grants receivable	1,457,285
Other receivables and prepaids	146,720
Total Current Assets	10,300,996
Furniture, equipment and leasehold improvements	636,802
Noncurrent assets	172,699
Total Assets	\$ 11,110,497
Total Liabilities	\$ 261,121
Net Assets	
Unrestricted:	
Undesignated	36,653
Board designated (endowment)	9,808,531
Temporarily restricted (program grants)	1,004,192
Total Net Assets	10,849,376
Total Liabilities and Net Assets	\$ 11,110,497

Statement of Activities

For the year ending December 31, 2003 (unaudited)

Revenue	
New grants	\$ 1,538,044
Dues and publications	14,659
Other income	7,396
Investment income	1,503,433
Total Revenue	3,063,532
Expenses	
Program expenses	2,030,435
Supporting services	1,111,068
Total Expenses	3,141,503
Change in Net Assets	\$ -77,971
Net Assets	
Beginning of year	\$ 10,927,347
End of year	\$ 10,849,376

Community-Media Partnership Facilitates Renewal in Oregon

Astoria, Oregon, a city of 10,000, is rich in scenery and natural resources but high in unemployment and hunger. The community is old and struggling to change from a resource-based economy that relied on fishing and logging to one based on tourism. Helping Astoria re-invent itself, however, is a collaboration that has sprung up between a public radio station, a hospital, and a rural nonprofit economic development organization.

Spearheading the effort is public radio station KMUN. With funding from the Sound Partners for Community Health project and other sources, KMUN has built a newsroom, added digital news-gathering equipment, and invested in paid staff positions to launch a community journalism initiative that focuses on the link between community health and economic development.

KMUN is the most listened-to radio station in the area and one of the few sources of local information. The station brought in Elizabeth Wynne Johnson, a trained journalist with public radio experience, to be its first news reporter/producer.

Two of those who have collaborated in the initiative are Shorebank Enterprise Pacific, a nonprofit economic development organization, and Columbia Memorial Hospital, the major health center for the region. They have helped provide connection to the community. Beside broadcast programs, the collaboration produced two community forums in 2003, one on a state income tax initiative, and one on health.

Ms. Johnson says, "Public radio is the intimate voice of the community. We have the time and the opportunity and the sensibility to go in-depth with stories and be story-driven. We are not a 'mass' voice, in comparison with commercial radio. Also, our role is to be a venue and a source for news and information that is policy-focused, rather than breaking news-focused."

Sound Partners for Community Health is a program of the Benton Foundation with funding from The Robert Wood Johnson Foundation.

What media future do
we want for ourselves
and our communities?

L Looking Forward

In order to focus on media policy and public service media, the Benton Foundation made the strategic decision in 2003 to transfer the digital literacy part of our work, including the Digital Divide Network, to a new Center for Media & Community that we are helping create at the Education Development Center in Newton, Massachusetts.

As we enter 2004, the foundation seeks to protect our media values, ensure that the effects of media concentration in broadcasting are not extended into the newer media, and explore new policy options for applying technologies that can expand consumer voices and choices. Our goals moving forward include:

- Promoting a public interest vision and policy alternatives for the digital age
- Raising awareness among funders and nonprofits of their stake in these critical policy issues
- Enabling communities and nonprofits to produce diverse and locally responsive media content

Do you want to keep up to date on media and communications policy developments? Communications-Related Headlines is a free daily email news service. To subscribe, email headlines@benton.org.

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