



LOSING THE NEWS

The Decimation of Local Journalism
and the Search for Solutions



The Freedom
to Write



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From PEN America Trustee Ayad Akhtar

LETTER



The story is familiar: A local rural business collapses after losing its battle with a national corporation from a distant city. What's lost is not just the local livelihoods that business provided but also the local know-how that dies with it. Local merchants who know

their suppliers, know their customers—know their *businesses*—are replaced by regional managers with MBAs, often without granular knowledge of either the service they are providing or the place they are serving, managers whose main directive is to cut costs. We've seen it to dire effect in retail, in farming, in insurance, almost everywhere, really.

When that national corporation is a hedge fund or media conglomerate and that local business is news, the consequences can be perilous. Local news is local know-how *defined*. A healthy local news ecosystem provides communities with the information they need to live safe, healthy lives and participate in the democratic life of their communities. Robust local news drives voter turnout, holds officials and corporate leaders accountable, makes people aware of nearby opportunities and dangers, and, perhaps most importantly, works against the now-widespread breakdown in social cohesion by narrating the life of a place and its inhabitants, telling the daily stories that form the basis for shared communal experience.

Since 2004, nearly 1,800 newspapers have closed, leaving American towns and cities—sometimes entire counties—without a meaningful source of local reporting. And the pace of closures is only accelerating as tech giants siphon off much of the ad revenue that once sustained the media industry. Other local news sources (TV, radio stations) continue to see widespread consolidation under conglomerates that lean on one-size-fits-all national news, the very sort of news now widely distrusted. But while Americans still trust their local news sources, what many don't realize is just how much these outlets are struggling.

Which is why this PEN America report about the crisis in local news is so welcome, so timely, and so necessary. Whether it's walking us through the details of just how essential local news was in exposing the

Flint water crisis or showing how disparities in access to news in neighboring North Carolina counties affected their respective environmental well-being, the report sheds light on how pivotal local news is to our civic life, and how imperiled it is. In case studies in Detroit and Denver, we see a host of problems play out: Municipal and corporate malfeasance rises in tandem with newsroom layoffs; fewer reporters on the beat means even more racial and economic inequality than usual in local coverage; national news dominates, eroding trust in the kind of information folks can verify with their own eyes and ears—all of this paving the way to wider tolerance for disinformation and “fake news.”

But not all the news is bad.

We learn, too, of inspiring journalists and citizens stepping into the breach, finding new ways to gather news and pay for it. In Denver, where two major papers once thrived, a host of locally run, community-focused outlets are proliferating. One such outlet, Chalkbeat, is reporting from public schools and school board meetings, covering education, one of the biggest casualties of the attrition in local news—and successfully scaling to other states. Nationwide, over 6,500 philanthropic foundations, as well as tech giants, are now financing media initiatives.

But can we really depend on the largesse of philanthropists or big-tech to resuscitate our news deserts? Perhaps the most important element of this report is its willingness to assess the viability of alternative models, to make hard and actionable recommendations, and to offer a cogent argument for a once unheard-of possibility: outright public funding for local news.

It's work like this that makes me, as a board member, proud to be involved with PEN America. The freedom to express, it turns out, depends on the existence of audiences able to receive that expression. As such, the health of our local news must be a matter of critical national concern to us all.

Ayad Akhtar

AYAD AKHTAR is a playwright and novelist. He is the winner of the Pulitzer Prize for Drama and a PEN America Trustee since 2015.



INTRODUCTION

The decimation of local news in recent years—specifically the hollowing-out of newspapers and other vital reporting outlets at the city, state, and regional level—represents a crisis for American democracy. When ad revenue dries up, consolidation and cost cutting gut newsrooms, beats remain uncovered, and corruption goes uninvestigated, the American populace lacks vital information about their lives and their communities. A vibrant, responsive democracy requires enlightened citizens, and without forceful local reporting they are kept in the dark.

At a time when political polarization is increasing and fraudulent news is spreading, a shared fact-based discourse on the issues that most directly affect us is both more essential and more elusive than ever. Without reliable information on how tax dollars are spent, how federal policy affects local communities, and whether local elected officials are meeting constituent needs, how can we expect citizens to make informed choices about who should govern?

The consequences of imperiled local news ecosystems for U.S. political and civic life have already been dramatic, and unless we take concerted action, they will only get worse. Building on the work of experts in journalism and media, PEN America has prepared this report to examine how the local news crisis affects communities and democracy, and to propose ways to address it. As an organization dedicated to both the celebration and defense of free expression, we recognize that the press plays a vital role in making people's voices heard, and in enabling not just their right to speak, but their right to know.

The report will begin by exploring why local journalism matters. As Michigan web publisher Khalil Hachem explained to PEN America: “The essence of local news is, first, providing information for people to understand what’s going on, information that affects their lives. Second, holding public officials accountable. And third, making sure that democracy is healthy.” Local journalists serve as a voice of the people, using the megaphone of the press to air their neighbors’ frustrations, concerns, and needs—and to bring regional or national attention to pressing local issues. Local journalism also acts as a watchdog for corporate and government accountability and a building block of social cohesion.

Next, the report assesses the current grave state of local journalism. A shift of advertising dollars from print to online, and from publishers to tech giants, has wiped out the primary source of revenue for

many local outlets. Like virtually every industry in the United States, the media business is being subjected to widespread consolidation and the relentless cost cutting that follows. The result has been the weakening or collapse of many local news ecosystems. “A mass-extinction event” is how journalist and Ford Foundation Program Officer for Creativity and Free Expression Farai Chideya describes this loss. And while Americans consistently say they value and trust local news sources more than national ones, polls suggest they are largely unaware of the threats local outlets face.

All communities are not created equal when it comes to local news. Long-standing systemic inequities have meant that for many Americans—especially people of color and residents of poor communities or remote rural areas—inadequate local news coverage has been the norm for decades. While media outlets by and for communities of color have a lengthy and distinguished history of providing news and solidarity to an underserved audience, they have often been under-financed and today are even more so. This report examines the interplay of historic inequities, the current local media downturn, and efforts to rectify both longstanding and more recent local news deficits.

Throughout this report, we will spotlight communities that can no longer rely on local news outlets to shed light on significant, even life-or-death, developments as they once did. We present three case studies, focusing on Denver, Detroit, and two rural counties in southeastern North Carolina. PEN America has enlisted journalists based in or near these communities to help illustrate the impact of struggling local news ecosystems on the ground.

This report then lays out pathways for revitalizing local journalism in the United States. New, nimble outlets are emerging, and existing outlets are adapting and innovating—developing alternative revenue streams, experimenting with nonprofit models, rebuilding audiences, and better serving communities.

Still, in the face of market failure, adaptation and innovation alone cannot address the crisis at scale. Nor should benevolent billionaires buying up ailing papers be looked to as saviors. Local journalism is too important for our policy makers to simply stand by and hope the industry can self-correct.

Given the scope and stakes of the problem, we must pursue a major reimagining of the local news space, in which local reporting is re-conceptualized as a public good rather than a commercial product. By viewing local news as a public good and designing solutions accordingly, we can create local news ecosystems that address historic inequity and meet the civic and

democratic needs of every community in America. Meeting this challenge requires an array of approaches.

To that end, this report analyzes a series of policy proposals, including: reviving the Federal Communications Commission's longtime but neglected mission of protecting localism and diversity; implementing new copyright restrictions or taxes on technology giants to fund the news that animates their platforms; and dramatically expanding public funding for local news, through either reform and expansion of the Corporation for Public Broadcasting or the creation of a new national endowment for journalism.

PEN America concludes that a new congressional commission—a Commission on Public Support for Local News—is needed to assess the viability of these options and recommend a path forward. This high-level, independent commission would examine the current state of the nation's local news ecosystems and determine how the government can better support the production of local news, with a significant emphasis on evaluating whether new public funding mechanisms could help reconstruct the local news model without unduly influencing outlets' editorial

decision-making. As the country with the world's broadest protections for free speech and a free press, we must make certain that solving the local news crisis does not involve compromising those precious liberties. As a free expression organization, PEN America considers this mandatory.

Finally, this report ends with a series of recommendations for how news outlets, philanthropic funders, technology companies, regulators, civil society, and elected officials can defend and support local news. As there is no single cure-all, PEN America believes that all these stakeholders have a critical role to play in reversing the deterioration of local news in the United States. Taken together, our recommendations would represent a reimagining of local journalism, in which it is recognized as a civic necessity, and supported accordingly.

Journalism is a messy endeavor, a first draft of history that nevertheless requires hours, days, and months of vigilant reporting. That reporting is not cheap. But it is highly valued by—and valuable to—the American public. Investing in its future is the only recourse for an ailing democracy.



What Is a Local News Ecosystem?

Consider the wide variety of media outlets across the United States that produce and amplify original reporting: newspapers with a national reach like *The New York Times* and *The Washington Post*; cable channels like CNN, Fox News, and MSNBC; local newspapers; local TV and radio stations; and digital-first outlets like Vox and HuffPost, to name just a few. While the scope of their coverage and their target audiences are different, together these entities make up America's national **"news ecosystem": a complex network of interconnected sources that provide the public with news and information,**² much of it increasingly disseminated on social media.

Now zoom in further, to a specific community—whether it is in a city, metropolitan area, rural area, or town. While communities can be linked across geographies by nationality, religion, race, and many other attributes, for the purposes of this report a **"community" is defined as a group of people connected by a particular place**—residents of the same city, for example, or employees of the same factory.³ It follows, then, that **local news ecosystems are composed of media outlets dedicated to serving communities that share a geographic jurisdiction and cover newsworthy information that's specifically relevant to their communities.**⁴ For example, the local news ecosystem in Oklahoma City includes, among others, the daily newspapers *The Oklahoman* and *The Journal Record*; the weekly newspapers *The Black Chronicle* and *The Oklahoma Gazette*; the local ABC, NBC, CBS, and Fox TV stations; the local news radio stations KOKC, KOKF, and KROU; and digital outlets like EastWordNews.com.

A healthy local news ecosystem meets the critical information needs of its community members. Experts have broken down this **"critical information" into eight categories: (1) emergencies and other public safety concerns, (2) health and welfare, (3) education, (4) transportation, (5) economic opportunities, (6) the environment, (7) civic life, and (8) political life.**⁵ All of these categories inherently possess an important local component. For many parents, for example, information about the shutdown of a local school may be of more immediate relevance than information about changes in federal education policy, even in cases where the stories are linked.

Within a local news ecosystem, different outlets may

tailor their coverage to different constituencies in the community—such as a particular ethnic or language group or a particular neighborhood. Additionally, different types of media outlets often end up serving overlapping but distinct roles in meeting community information needs. Local commercial radio is especially well placed to disseminate real-time information on traffic and weather, for example, while local TV news plays a major role in magnifying the impact of local reporting—including from other outlets, notably local newspapers—by broadcasting these stories to a larger audience within the community.⁶

Of all media types, local newspapers have historically been—and remain—the primary source of **accountability journalism⁷—investigative reporting, beat reporting, and other forms of journalism that "reveal as much as possible about what is really going on in every aspect of American society."**⁸ The outside role of newspapers in driving local accountability journalism means that they can be seen as "keystone species" for local news ecosystems—meaning that the health of the local newspaper is often a major determinant of the system's overall health. When newspapers decline or fail, there are ripple effects throughout the ecosystem, hampering its collective ability to adequately provide for a community's critical information needs.

Many studies of the local news crisis have focused on the phenomenon of "news deserts."⁹ A news desert is a concept borrowed from the study of "food deserts"—areas with limited access to affordable, nutritious food.¹⁰ A **news desert**, then, should be considered a **place where the community does not have access to affordable, quality local news.**¹¹ But the term *news desert* is often more narrowly applied to focus specifically on the presence or absence of a print newspaper.

This report takes a more holistic view of local news ecosystems, considering both the presence of local news sources (across all media) and the quality of news being produced. There is not yet a standard tool that can systematically evaluate the health of a local news ecosystem. There is, however, an emerging consensus among media scholars that the **health of a local news ecosystem depends on a number of factors: the quantity and quality of local news content, whether all community members have equal access to it, how community-specific it is, how diverse it is, and how effectively it addresses critical information needs.**¹² As such, the local news crisis—as conceived of in this report—is not limited to the death of print newspapers but more broadly refers to the loss of original, local reporting and the consequences for communities and for American democracy.

WHY LOCAL NEWS MATTERS

Journalism is sometimes referred to as the first draft of history, which is especially apt at the local level. The ability to be first on the scene requires proximity and an ear to the ground. Local journalists, often members of the communities they serve, have unparalleled access to and awareness of local issues and events. By focusing on subjects relevant to their own communities, they are able to uncover stories that national journalists do not necessarily have the network or knowledge to identify and to report them with a unique level of nuance and credibility. There is no substitute for these advantages.

The connection between local journalists and their communities is essential to why Americans value local news and trust their local news sources above national ones.¹³ Seventy-six percent of Americans report trusting their local TV news, and 73 percent report trusting their local newspapers; by contrast, 55 percent of Americans trust national network news and 59 percent trust national newspapers.¹⁴ At a time when political polarization is growing and fraudulent news is proliferating, the status of local outlets as trusted sources is more invaluable than ever.

When the local news ecosystem works well, it plays a vital and irreplaceable role in safeguarding the health and welfare of communities across the country: keeping them apprised of critical information, amplifying local issues to attract regional or national attention, holding local government and corporations accountable, and building social cohesion by telling stories that build solidarity and mutual understanding.

The local news ecosystem is in fact foundational to American democracy. It keeps citizens educated, motivates them to vote, and serves as an indispensable check on government power. Without the accountability mechanism of local journalism, government officials conduct themselves with less integrity, efficiency, and effectiveness. Congressman Mark DeSaulnier, who has proposed federal bills to address the local news crisis, describes the diminishment of local journalism as “a real threat to American democracy.”¹⁵

The role of local news in communities

An amplifier and alarm for critical information

The story of the water crisis in Flint, Michigan, and its coverage in the local press illustrates the essential role that local news can play in communicating critical information and elevating concerns within a community. While the Flint water crisis has been

Seventy-six percent of Americans report trusting their local TV news, and 73 percent report trusting their local newspapers; by contrast, 55 percent of Americans trust national network news and 59 percent trust national newspapers.

raised as a case of media failure—which held true at the national and to some extent regional level—local news outlets, led by *The Flint Journal* and amplified by local TV and radio stations, reported on the story early and stayed with it.

In April 2014, Flint changed the source of its water supply. In the past, the Detroit Water and Sewage Department (DWSD) had supplied the city, drawing from Lake Huron. But in 2013, unable to agree on a new contract with DWSD, the city decided to use water from the Flint River and treat it at the Flint Water Service Center.¹⁶

Within weeks of the switch, residents began to complain about the color, smell, and taste of the water running from their taps. *The Flint Journal*, a four-times-a-week broadsheet newspaper, was the first to report these concerns, publishing an article on May 23 that quoted residents describing their water as “murky” and “foamy.”¹⁷ Local TV and radio stations also began reporting on the story.¹⁸

By August, evidence of contamination was clear and quantifiable, and *Flint Journal* reporter Amanda Emery broke the news that water samples taken from Flint’s west side had tested positive for E. coli, suggesting contamination with fecal waste.¹⁹ This story helped publicize a vital public health notice from the city—an advisory recommending that residents in the area boil all water used for drinking, washing dishes, preparing food, and brushing teeth.²⁰

In October, *The Flint Journal*’s Ron Fonger reported that General Motors (GM) would no longer use the Flint River water supply at its engine plant.²¹ Levels of chloride were so high that GM worried the water would corrode engine parts.²²



*Flint Water Plant,
Flint, MI.*

The residents of Flint, however, were not so lucky. They voiced their concerns in several letters to the editor of *The Flint Journal*. On October 28, one wrote: “There’s General Motors going back to Detroit water—because of their fear Flint water is going to cause corrosion. To metal. Think it out folks. If it’s not good enough to wash off metal, exactly what is it doing to your bodies, your food, your clothes, your pipes?”²³

It took nine months for a news outlet outside Flint to cover the water crisis. In January 2015, the *Detroit Free Press* reported on a town hall meeting at which Flint residents raised their concerns with the mayor, city council members, and environmental experts.²⁴ The article included photos of people holding up bottles of yellow, orange, and brown tap water and quoted a 20-year-old resident who said that drinking a glass of water had made him start “throwing up, like, bleach water. It came up through my nose burning.”²⁵

In February 2015, reports of lead contamination began to surface. Michigan Radio, the University of Michigan’s public-radio station, reported on the fact that the city, on the insistence of Flint resident and mother of four LeeAnne Walters, tested the water in her home and discovered a lead concentration of 104 parts per billion, far exceeding the EPA’s acceptable limit.²⁶ Walters took her children to the doctor and learned that one of her sons had lead

poisoning. When the city failed to act, Walters put in hours of research, uncovering glaring gaps in the city’s testing and corrosion control protocols, and took her findings directly to the regional EPA.²⁷

In March 2015, Flint’s city council capitulated to the demands of residents and pressure from local media, voting 7-1 to “do all things necessary” to switch the water supply back to Lake Huron and the DWSD.²⁸ But the city’s state-appointed emergency manager overruled the vote, insisting that Flint’s tap water was safe.²⁹ It was this vote and subsequent reversal that finally brought national media attention to the crisis, with *The New York Times* publishing a story under the headline “A Water Dilemma in Michigan: Cloudy or Costly?” This story appeared on March 24, 2015, nearly a full year after the first local news report.³⁰

Over the following months, a team of scientists at Flint’s Hurley Medical Center, led by pediatrician Mona Hanna-Attisha,³¹ released a devastating analysis that confirmed the initial reports of lead contamination in the water and in the blood of Flint-area children,³² helping to galvanize national and international media attention. Reporters from *The New York Times*, CBS News, and *The Guardian* flocked to Flint to cover the story.³³ In October 2015, Governor Rick Snyder signed a bill to fund Flint’s switch back to the Lake Huron water source.³⁴

In the year that elapsed between the water source switch and the arrival of national media,³⁵ thousands of Flint children were exposed to lead poisoning, and at least 12 residents died of Legionnaires' disease.³⁶ Public health experts suggest that it will take years to fully measure the magnitude of this health disaster. Despite the sustained complaints of citizens and the empirical evidence of water contamination, the national media did not begin consistently covering the crisis until state-level politicians got involved and reports of lead contamination were confirmed by scientists.³⁷

Residents of Flint represent one of multiple communities that have long been underrepresented in the national media. As Derrick Z. Jackson, a writer and former fellow at Harvard's Kennedy School, wrote in a report for Harvard University's Shorenstein Center on Media, Politics, and Public Policy: "It will always remain an indictment as to why Flint, a city that happens to be 57 percent black," did not get the attention drawn by predominantly white communities in the wake of previous environmental disasters in Love Canal and at Three Mile Island. "By their behavior," Jackson went on, "the national media clearly did not 'credential' residents for their on-the-ground observations as to what was coming out of their taps. Their activism, from protests to bottled-water drives, was essentially ignored for a year and a half."³⁸

The story of Flint reflects a broader reality: the local press is typically the first—certainly among news outlets generally—to sound the alarm about urgent local matters.³⁹ It was *The Flint Journal* and other local outlets that first gave voice to residents' complaints about water quality, covered the city's response to the crisis, and broadcast public health warnings regarding water usage. Without the work of Flint's local news media to amplify the concerns of community activists and public health officials, residents may have missed out on necessary information about water contamination, and may not have seen their concerns validated. National media may not have subsequently picked up coverage and added public pressure. And the government may not have been pressured into taking action. "We would be nowhere without local coverage from MLive [the media group that owns *The Flint Journal*] and Curt Guyette [investigative reporter at the Michigan ACLU]," Hanna-Attisha said in a 2017 interview. "After my research was dismissed, the *Detroit Free Press* was part of the turning of the tide validating it."⁴⁰

Flint's local outlets continued to report on the crisis even after the water source was switched back to Lake Huron, leading the way in an effort to hold government officials accountable. Using documents obtained through Freedom of Information Act (FOIA)



A member of the Michigan National Guard provides water to a Flint resident during the water crisis.

requests, *The Flint Journal* revealed that government officials had been aware of the risks posed by the Flint River for months without informing the public.⁴¹ The paper turned up correspondence among government officials from as early as October 2014 expressing concern that the Flint River water was connected to the Legionnaires' outbreak, well before such a connection was made public.⁴² Michigan State Attorney General Bill Schuette eventually brought criminal charges against over a dozen government officials in connection with the crisis—although these cases universally ended with either plea deals or dropped charges.⁴³

A watchdog for government accountability

As the Flint water crisis demonstrates, one of the essential functions of local journalism is to hold government accountable. Without watchdogs, officials are free to misbehave, and the community suffers. "One problem with losing local coverage is that we never know what we don't know," writes Margaret Sullivan, an expert on local journalism and a columnist for *The Washington Post*, "Corruption can flourish, taxes can rise, public officials can indulge their worst impulses."⁴⁴



Congressman Mark DeSaulnier, who represents a largely suburban Bay Area district, has seen firsthand that a good investigative reporter can help keep politicians honest. “Thirty years ago, when I got elected to the Concord, California, city council,” he recalls, there was “a beat reporter from the *Contra Costa Times* who was in the front row for every meeting, and he knew our relationships with people who had business in front of the city council who were special interests.” Today, DeSaulnier says, “there’s nobody in the front row anymore.”⁴⁵ There’s no *Contra Costa Times* anymore either, since a 2016 merger squashed it.⁴⁶

Like so many journalists, Dylan Smith, editor and publisher of the nonprofit Tucson Sentinel,⁴⁷ also has a missing-front-row-reporter story. “Two years ago,” he says, “one of the school districts, Marana Unified School District, cut a deal to sell a bunch of property to Monsanto, and no one noticed until after it happened.” The deal “happened in a public meeting,” but “without actually having enough eyeballs and professional reporters to pay attention, something that turned out to be pretty controversial was already a done deal.” Some people were furious, but, Smith recalls, “it being a done deal, there wasn’t anything that anyone could do.”⁴⁸

When local journalism disappears, government costs increase. A 2018 study published in the *Journal of Financial Economics* found that newspaper closures have significant impacts on several aspects of public finance. After a newspaper closes, the county where it operated experiences a median rise in government salaries of \$1.4 million, an average tax hike of \$85 per capita, and an average deficit increase of \$53 per capita. In addition, local news is so closely identified with keeping government inefficiencies in check that financial lenders look at cities without a strong journalistic presence as riskier investments, charging higher interest rates on bonds and loans.⁴⁹ When a newspaper closes, it therefore becomes more expensive for the affected municipality to borrow money—an average increase of \$650,000 per bond.⁵⁰ The researchers conclude: “Local newspapers hold their governments accountable, keeping municipal borrowing costs low and ultimately saving local taxpayers money.”⁵¹

The loss of local news also decreases the amount of federal funding that a locality receives. A 2008 paper published by the National Bureau of Economic Research found that the amount of local coverage a member of Congress receives has a significant impact on how much federal spending that constituency receives.⁵² The researchers noted that members of Congress from areas with less local coverage are less likely to stand witness before congressional

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hearings, and less likely to vote against the party line. Constituents in these areas receive less federal spending per capita. The reason for such decreases, the researchers concluded, ultimately has to do with political accountability: Under-informed constituents are simply less well equipped to hold their elected leaders accountable for their actions.⁵³

Conversely, argues James T. Hamilton, a leading scholar on media economics and director of the Stanford Journalism Program, each dollar spent on investigative journalism generates hundreds of dollars in benefits to society, in the form of government cost savings, protective changes in legislation, or public health risks averted.⁵⁴

“Legislatures function a lot more honestly when there’s more of us there watching them,” says Steve Cavendish, a journalist and former editor of the *Nashville Scene* and *Washington City Paper*. And “with fewer statehouse reporters, fewer people covering local governments, the problem is the things that we don’t know that have happened.”⁵⁵

A watchdog for corporate accountability

Local investigative journalism plays an important role in holding not only governments but also corporations accountable, especially for acts that would not typically appear on the radar of the national media.

Corporate watchdog reporting has an impact. Research shows, for example, that a plant’s toxic emissions are more likely to be revealed in the media if there are newspapers headquartered nearby.⁵⁶ When a consumer-goods plant’s toxic emissions receive



Senator and Presidential candidate Elizabeth Warren in conversation with Art Cullen, Pulitzer Prize-winning editor at *The Storm Lake Times*, which exposed the role of corporate agriculture in polluting the Iowa town's rivers and lakes.

newspaper coverage, the plant reduces emissions by an average of 29 percent compared with plants that do not receive coverage.⁵⁷

Powerful examples of local coverage of corporate malfeasance abound, from *The Desert Sun's* exposure, in 2018, of Nestle Company's illegal access of water sources in San Bernardino, CA, for nearly 20 years⁵⁸ to the Pulitzer Prize-winning editorial writing at *The Storm Lake Times*, which uncovered the role of corporate agriculture in polluting the Iowa town's rivers and lakes.⁵⁹

An investigative series called "Boss Hog," written by veteran reporter Pat Stith for *The News & Observer* in Raleigh, North Carolina, at the heyday of local papers in the mid-90s, perfectly encapsulates the corporate accountability that reporters once enforced routinely but is now a rarity. Stith's series revealed that the hog industry was benefiting from lax government regulation and letting waste from its hog farms contaminate rivers and leach into the drinking water of North Carolina's Coastal Plain.⁶⁰ His reporting had immediate and tangible impact. The state levied a \$170,000 fine against a hog farm that had dumped 25 million gallons of sewage into the New River. The legislature imposed a moratorium on new hog farm construction and funded a task force to study the farms' environmental impact. And

the funding was enough to create 19 new positions, including 8 inspectors responsible for monitoring livestock waste systems.⁶¹

Like the Flint-area journalists who covered the water crisis, Stith was able to unearth these stories in part because of his strong connection to the community. Covering state and local politics and specializing in government and corporate malfeasance for decades, he developed deep relationships with sources in state and local government and industry. He was trusted—by both sources and readers—in a way that would be impossible for a national reporter parachuting into town. His decades of access and knowledge enabled him to produce work that changed his community for the better.⁶²

But local street cred only goes so far. Without the financial and moral commitment of stable newsroom ownership, even ambitious journalists struggle to do their jobs. In August 2019, Phil Luciano, a columnist for the *Journal Star* in Peoria, Illinois, received a tip about Caterpillar, the heavy-equipment company that was based in Peoria.⁶³ But his understaffed paper, which serves a city of more than a hundred thousand people, did not have the resources to follow up.⁶⁴

Such dead-end scoops, Luciano told PEN America, are "endemic to slashed newsrooms every day. Newspapers once had beat reporters who didn't just show



up at a weekly or monthly meeting—they'd chat with sources daily" about "what was going on behind the scenes. Those tips often would generate stories that aren't discussed in public meetings." Now, Luciano says, with newsrooms "stretched ridiculously thin, the reporter-source contact doesn't happen to the degree that serves the public good." Tips don't get vetted, news stays unreported, and "we often will be at the mercy of spokespeople, whose allegiance is to their employers, not the public."⁶⁵

A building block for social cohesion

At its best, local news can provide a forum for sharing stories in a way that fosters empathy and understanding. It can promote social cohesion, fostering a sense of belonging and shared experience that allows individuals to cooperate in seeking community health and prosperity.⁶⁶

Denise Rolark Barnes, publisher of the D.C.-based *Washington Informer*, says that prosaic stories that do not win investigative journalism awards can nonetheless help people fill in the gaps on what is happening in their communities. "Stories about the neighborhood association, and the clean-block program," and "the church that had a big Boy and Girl Scout troop and what those troops had done in their community service projects," Rolark Barnes says, are "little stories that have a bigger impact."⁶⁷

A growing body of research captures this dynamic. Communication within a particular place—facilitated by local media—is essential to creating a sense of "imagined community," or social cohesion between people who have never met face-to-face.⁶⁸ For example, a 2001 study of communities in the northwestern United States found that those with higher rates of local newspaper reading experienced greater social cohesion.⁶⁹ As the study notes, "Metropolitan commercial media—consisting of newspaper, broadcast television and radio, and Internet portals...shape the overall understanding of imagined community, including the imagined connections between and among levels where citizens lack direct experience."⁷⁰ In an older study, researchers at the University of Southern California, who examined seven diverse residential areas in Los Angeles, found that local media formed an important pillar of these communities' "storytelling neighborhood;" when local media organizations actively produce stories about the community, they can increase residents' sense of "belonging."⁷¹ At a moment when communities are starkly divided along racial, class, and political lines, the importance of such ties cannot be overstated.

Local outlets have traditionally provided space on their editorial pages for readers to express their own

Such dead-end scoops are "endemic to slashed newsrooms every day. Newspapers once had beat reporters who didn't just show up at a weekly or monthly meeting—they'd chat with sources daily" about "what was going on behind the scenes," says columnist Phil Luciano.

interests and concerns to the community at large. Willoughby Mariano, an investigative reporter at *The Atlanta Journal-Constitution*, notes that "Newspapers have historically, literally, been a forum in their editorial pages. We used to have, when I arrived, much more extensive opinion and editorial coverage, like letters to the editor, where people could write opinion pieces. Members of the community, who are not journalists and not necessarily the powerful, could participate in that wonderful marketplace of ideas that make this country work."⁷²

A paper's coverage can ignite its readers, who can in turn mobilize local activists. In 2017, *The Asbury Park Press* ran a series called "Renter Hell" that made the community take notice of dreadful living conditions endured by many of its low-income residents. One article in the series profiled a particularly squalid apartment complex on Asbury Park's West Side, where reporters observed precariously hanging utility cables, broken windows, rodents, and cockroaches. A resident described his experience as "hell, to a point where I didn't want to live anymore."⁷³

While holding negligent landlords and bureaucrats accountable, this series also drew attention to a marginalized segment of the Asbury Park community and helped amplify the struggle for safe and fair housing. Housing soon became a leading issue at community forums.⁷⁴ Advocacy groups like New Jersey Citizen Action conducted workshops on fair housing and discrimination.⁷⁵ State legislators introduced legislation that would mandate more rigorous inspections, restrict the blacklisting of tenants, and

give the state the ability to crack down on negligent landlords by withholding subsidies from properties that violate tenants' rights.⁷⁶

While the legislation has yet to pass,⁷⁷ the sudden wave of community action around a long-ignored cause demonstrates the potential that local news has to reflect the suffering of individuals and create a sense of urgency around their well-being. *The Asbury Park Press* gained significant recognition for bringing this issue to light, winning the National Association of Black Journalists award for investigative reporting,⁷⁸ the Housing and Community Development Network of New Jersey Media Award,⁷⁹ and a nomination for the Goldsmith Investigative Reporting Prize.⁸⁰

The role of local news in American democracy

A robust local news ecosystem is a cornerstone of American democracy. “Good journalism that’s fact-checked enables the public to make decisions around where they want their community to go and why,” says Setti Warren, the former mayor of Newton, Massachusetts, and the executive director of the Shorenstein Center on Media, Politics, and Public Policy at Harvard Kennedy School. “In the absence of that, you see a deterioration of the civil discourse. You see a deterioration of the capacity of government to make the right decisions for their constituents.”⁸¹

A driver of civic engagement

As a conduit of critical information, local news keeps voters educated, which in turn motivates them to vote, helps them make informed decisions in the voting booth, and allows them to hold government officials accountable. When the quantity and quality of local news declines, so does civic engagement. A growing body of research demonstrates this relationship between local news coverage and voter knowledge and participation.

According to one analysis, the act of reading a newspaper alone can effectively encourage 13 percent of non-voters to vote.⁸² On the flip side in a study published in 2014 in the journal *Political Communication*, Lee Shaker of Portland State University found that, after the *Rocky Mountain News* and the *Seattle Post-Intelligencer* closed between 2008 and 2009, there was a significant drop in civic engagement. The study found no such drop in other cities that did not experience newspaper closures.⁸³ (For more on the closure of Denver’s *Rocky Mountain News* and its impact on community health and democratic life, see “View from Denver,” page 49.)

A 2015 study in the *Journal of Politics* found that people living in congressional districts where their

“Good journalism that’s fact-checked enables the public to make decisions around where they want their community to go and why,” says former mayor Setti Warren. “In the absence of that, you see a deterioration of civil discourse. You see a deterioration of the capacity of government to make the right decisions for their constituents.”

representatives receive less local coverage are less likely to recall their representatives’ names, less able to describe them, less able to rate their performance, and ultimately less likely to vote. This was true for all voters, regardless of their previous levels of political knowledge, which suggests that the negative effects of lost local news apply to the whole population, not just those already less politically aware.⁸⁴

“Voting and consuming news—those things go hand in hand,” Tom Huang, assistant managing editor at *The Dallas Morning News*, told PEN America. He added, “If the younger generation doesn’t engage with news, or local news specifically, then they’re probably not going to see why they should vote either, both locally or nationally.”⁸⁵

Declines in local news can also affect who runs for office. A 2019 study from the University of Texas at Austin and Cleveland State University found that staffing cuts at local newspapers are associated with a corresponding decline in the competitiveness of local mayoral elections—fewer candidates run for office and there is a greater probability of an incumbent-only race.⁸⁶

A paper published a decade earlier by the National Bureau of Economic Research, which studied the 2007 closure of *The Cincinnati Post* and its impact on local elections, found a decline in the number of candidates running for municipal office (including school board,



Copies of the final edition of the Rocky Mountain News, Colorado's oldest newspaper dating back to 1859, which ceased publication on February 27, 2009.

city council, and city commission). There was also a drop in voter turnout and an increased likelihood that incumbents would win re-election. The report's authors surmised that the paper's closure "appears to have made local elections less competitive along several dimensions," concluding that "if voter turnout, a broad choice of candidates, and accountability for incumbents are important to democracy, we side with those who lament newspapers' decline."⁸⁷

An antidote to political polarization

The dearth of local news may be contributing to the nation's political polarization. In some places, partisan political organizations are emerging to fill the gap left by the closure of local news outlets. Conservative organizations have created web-sites across the country, including in Arizona, Maine, Michigan, and Tennessee, that mimic the look and feel of a non-partisan news outlet, but which offer information on local politics and governance from a politically slanted perspective.⁸⁸ On the other side of the spectrum, this year, the Democratic Super PAC "Priorities USA" announced it intended to launch information outlets staffed by PAC-employed media staffers in Michigan, Pennsylvania, Florida, and Wisconsin, to publish and re-publish state-specific stories that bolster Democratic messaging.⁸⁹ In the absence of a robust local news ecosystem, there is a danger that "the news" will instead further

devolve into "Republican news" and "Democrat news."

There is research indicating that the closure of local newspapers is associated with greater political polarization, as measured by split-ticket voting—casting votes for members of different parties on the same ballot. A 2018 study published in the *Journal of Communication* found that the loss of a local newspaper is associated with a statistically significant decrease in split-ticket voting, suggesting that in areas where a local newspaper closed, voters became more politically polarized.⁹⁰ The researchers argue that the decline of local newspapers leads to Americans' turning more frequently to national news sources, which tend to report through the lens of partisan conflict.⁹¹ As national news gains influence, voters become less informed about local politics, and more polarized, which increases the likelihood of voting along party lines.⁹²

Traditionally, the local paper has provided what *Atlanta Journal-Constitution* journalist Willoughby Mariano calls "a convening space for people of a wide variety of life experiences, ideologies, political leanings." The loss of that space, she says, contributes to a situation where "we can't even agree on what the facts are anymore. It's because we don't regularly return to the same kind of information spaces and share information. We all live in these information silos. That's a powerful thing to lose."⁹³

BELL, CALIFORNIA: AS LOCAL NEWS WITHERS, GOVERNMENT CORRUPTION THRIVES

The Bell spectacle is what happens to communities without their own old-fashioned diligent news coverage.

—Terry Francke, general counsel of transparency watchdog Californians Aware⁹⁴

When scandal hit Bell, California, in 2010, there was no newspaper to expose it. The residents of Bell, an incorporated city in Los Angeles County, had few options for local news: just a handful of L.A. newspapers and TV stations that offered little coverage of Bell. The last local paper, *Community News*, was sold in 1998 and shut down several years later.⁹⁵

In 2005, the state of California passed a law capping the salaries of city council members in “general cities” (those organized under the laws of the state). Soon after the law’s passage, Bell’s city council held a special election to vote on a measure to convert Bell into a “charter city.” The measure was presented to the public as a way to give the city more autonomy over local decision-making. There was no mention, even on the ballot itself, that the measure would exempt city council members from the statewide salary cap.⁹⁶

There appears to have been no local coverage of the ballot initiative at the time of the election in 2005. In the absence of a local newspaper, and with a sparse local news ecosystem, Bell’s voters had little knowledge of the measure’s implications and did not show up to vote. The measure passed 336–54, with turnout representing less than 1 percent of the population.⁹⁷

With the passage of the ballot measure, city council members could circumvent the state salary cap and raise their already high salaries without limit. The first reporting on the ruse appeared five years later, in 2010, in the *Los Angeles Times*.⁹⁸ By that time, Bell’s city council members were making an average of \$100,000 a year for part-time work. Robert Rizzo, the city manager, was drawing an annual salary of almost \$800,000—11 times his 1998 starting salary of \$72,000. In a city with a



Bell, CA resident Miguel Sanchez waves a dollar bill at city councillors during a city council meeting addressing egregious local corruption.

population of 37,000, the police chief made over \$450,000—more than 150 percent of the salary of the police chief of Los Angeles, the second-largest city in the country.⁹⁹

Residents of Bell—where the median household income was \$28,000 in 2010¹⁰⁰—raised questions about the lifestyles of their city leaders, who were seen living in mansions, driving fancy cars, and using luxury items.¹⁰¹ One community activist noted, “A lot of residents tried to get the media’s attention, but it was impossible.”¹⁰²

It seems fair to conclude that the lack of local news outlets in Bell enabled its leaders to get away with such scandalous behavior for far longer than they would otherwise have. “No one was paying attention,” Jeff Gottlieb, the investigative reporter who broke the story for the *L.A. Times*, told PEN America. If they were, “something like this could have never happened.”¹⁰³ Gottlieb, who won a Pulitzer for the Bell story, says that his initial



BELL, CALIFORNIA: AS LOCAL NEWS WITHERS, GOVERNMENT CORRUPTION THRIVES (*continued*)

reporting was “very basic”—inquiring about salaries, examining contracts and minutes of meetings—but no one pursued it, making it “so much easier for public officials to do corrupt stuff.”¹⁰⁴

The *Los Angeles Times*’ 2010 investigation found evidence of serious corruption.¹⁰⁵ City salaries were funded through a variety of illegal activities, all at the expense of taxpayers: illegally raising municipal fees (trash collection, business licensing, sewage), illegally raising property taxes, illegally diverting state and federal funds, and taking on debt for public works projects that were never completed.¹⁰⁶ Within two months of the *Times* exposé, the L.A. County district attorney filed charges against Rizzo and other city officials, alleging that they stole \$5.5 million in public funds.¹⁰⁷ Seven officials were convicted of various charges, including graft and corruption, and most received jail sentences.¹⁰⁸

Subsequent federal and state investigations found that Bell homeowners had the second-highest property tax rate in the county—higher than Beverly Hills and 34 percent above the county norm. Auditors declared the tax rate illegal and found that the overcharges were used

to fund city employee pensions.¹⁰⁹

It was later learned that the passage of the ballot measure that cleared the way for all this corruption was the product of electoral fraud. Of the 390 votes cast, 239 were via absentee ballot.¹¹⁰ An associate of Rizzo’s who was tasked with collecting absentee ballots in the lead-up to the vote had in many cases instructed voters to support the measure or had filled out the ballot for them. Some voters arrived at their polling place to find that someone had already cast a vote in their name, further calling into question the integrity of the election.¹¹¹

Because Bell had no significant local news outlet, city officials essentially received a free pass on systemic corruption for five years, tangibly damaging the community. But even this dark story could have been much darker. Tom Huang of *The Dallas Morning News* points out that many communities do not have the benefit of a large media outlet nearby. “The *Los Angeles Times* had the resources to be able to dig into the story,” Huang says. “But how many other metro news organizations have the resources to do that, and how many Bells are we missing?”¹¹²

Case Study

View from Southeastern North Carolina

Jeremy Borden

With further original reporting by journalist **Stephanie Carson**



JEREMY BORDEN is an independent journalist and researcher based in Durham, North Carolina.

JUST OFF INTERSTATE 95 in Robeson County, North Carolina, a square industrial colossus rises from a landscape of narrow roads and farmland. At this facility, more than a thousand employees process 1.25 million chickens a week.¹¹³ Depending on your perspective, this chicken plant, owned by the national conglomerate Sanderson Farms, represents the fulfillment of a desperate economic need—or the introduction of environmental catastrophe.

In 2016, Sanderson Farms settled on a large tract of land just north of the Robeson County seat of Lumberton to build its plant. Many considered it a coup for the county, as it had attracted a company with a net worth of over \$3 billion.¹¹⁴ For Robeson, turning down the prospect of jobs and paychecks seemed like an unaffordable luxury, even if they also came with the potential risk of dirty soil and water. The county has the second-highest poverty rate in North Carolina, with a median income of around \$32,000 and close to 30 percent of its 132,000 residents living below the poverty line.¹¹⁵ And yet a massive chicken plant can wreak major environmental damage,¹¹⁶ and many poultry plants around the country also have problematic working conditions.¹¹⁷

Robeson wasn't Sanderson Farms' first choice for the new plant—that was neighboring Cumberland County,¹¹⁸ which is larger and wealthier, with a population of 332,000 and a median income of around \$45,000.¹¹⁹ Among other advantages, Cumberland gets a boost from the military base at Fort Bragg and is anchored by the city of Fayetteville.¹²⁰ While both places are contending with poverty, the decline of manufacturing, and the difficulty of maintaining an agricultural economy, those challenges are starker in Robeson.¹²¹

In rural North Carolina, as across America, a higher poverty rate correlates with a diminished local news landscape.¹²² In this particular tale of two neighboring

counties in southeastern North Carolina, both Robeson and Cumberland have experienced declines in local news coverage, but Robeson is paying a steeper price than its more affluent neighbor.

IN CUMBERLAND COUNTY, *The Fayetteville Observer* traces its roots to 1816 and is one of the mighty media institutions in a state renowned for its dynamic newspaper culture. For almost a hundred years, the *Observer* was owned by the Hale family and became one of the largest family-owned papers in the country.¹²³

Its coverage in 2014 and early 2015 of Sanderson Farms' plans to open a chicken plant in the area shows just how impactful local journalism can be. As residents packed meetings and forced a deep conversation about the county's future,¹²⁴ the paper played a crucial role in amplifying their voices. It investigated the implications of the plant and gave all sides a say in both news and opinion pieces. The *Observer's* reporting, alongside the less-than-enthusiastic public response, were key factors in the reluctance of local officials to welcome the plant and of Sanderson Farms' ultimate decision to build in neighboring Robeson County instead.

As the company was making its play for Cumberland County, the *Observer* published about 170 news and opinion items that mentioned the plant.¹²⁵ Tim White, a longtime reporter and editorial page writer who retired earlier this year, wrote in a 2015 column that county leaders hadn't proven that they had done enough to assess and protect residents from environmental risks. "Again, who's doing that homework?" he asked. "It doesn't appear that any of our elected leaders want to do it. Maybe they'll just claim the dog ate their homework, if we have ugly unintended consequences down the road. After all, they went to the Sanderson plant in Kinston and didn't



Reporter Greg Barnes worked for The Fayetteville Observer for decades before taking a buyout in 2018. Toward the end of his time there, he says his job became plugging gaps rather than doing the investigative work that was his trademark.

smell anything bad or see feathers on the road. So it must be OK, right? I'd love to see a thousand new jobs here too. But not if the source of those jobs is going to foul our air and water."¹²⁶

The *Observer* has a history of pushing and prodding, with investigative journalists and a lively editorial page. It's one of the big drivers of Fayetteville's relatively healthy civic ecosystem, according to Frank Taylor, managing editor of the investigative news site Carolina Public Press and a former editorial writer for the *Observer*. The Fayetteville community, he says, has a tradition of "rabble rousers" whose voices are amplified in the newspaper's pages, keeping residents actively involved in local issues. "Media presence," Taylor says, "made that culture possible."¹²⁷

The *Fayetteville Observer* has long been the primary source of original reporting in the area, with radio and television outlets often picking up and expanding its scoops. In its heyday, in the 1980s and '90s, the *Observer* had dozens of reporters and was proud to compete with larger metro newspapers in Raleigh and Charlotte on big stories throughout the state. But like so many publications confronted with the challenges of an advertising-based business model in the digital age, it began

shedding staff in recent years. The *Observer* hung onto its status as the largest independently owned newspaper in the state until GateHouse Media, a hedge fund-backed newspaper chain, purchased it in 2016. "GateHouse-owned newsrooms," according to a study by Penelope Muse Abernathy, an expert in media consolidation and the decline of local news at the University of North Carolina at Chapel Hill, "are often half the size within a matter of months."¹²⁸

As it has done elsewhere, GateHouse immediately shrunk the *Observer's* newsroom further, reportedly offering an undisclosed number of buyouts.¹²⁹ In 2017 and 2018, it offered yet more buyouts.¹³⁰ This past August, it was announced that GateHouse was merging with Gannett, another newspaper giant, which media industry observers expect will lead to further cuts and consolidation.¹³¹

The *Observer* continues to earn plaudits, especially for relaying vital information during hurricanes. But while there are alternative outlets, including on social media, that provide basic information about government services and where to go in an emergency, those who care about the future of Fayetteville and Cumberland County say they worry about what happens when a respected, independent publication no longer has the strength to push back against government or conduct comprehensive investigations.

John Malzone, a prominent Fayetteville developer, laments that the *Observer* is a shell of its former self. He worries that, without their own locally-based television station (ABC 11 and WRAL, both based in the Raleigh area, only occasionally cover the community), residents will no longer be able to communicate as they once did, even if it's just about new restaurants and business openings. Malzone says that it's difficult to reconcile what he views as the city's bright prospects, brimming with new development and business, with the state of its local media. "We went from having one of the best local newspapers in the state," he says. *Observer* reporters "were everywhere." Now Raleigh reporters "only come down if there's a murder."¹³²

As of October, the *Observer* listed 19

The Fayetteville community has a tradition of "rabble rousers" whose voices are amplified in the newspaper's pages, keeping residents actively involved in local issues. "Media presence," editor Frank Taylor says, "made that culture possible."

news and opinion reporters and editors on its website. No one holds an investigative reporting title. (Executive Editor Lorry Williams didn't respond to requests for an interview.)¹³³ The reductions are noticeable. Christine Michaels, head of the business association the Greater Fayetteville Chamber, says that the results of big decisions affecting the business community are usually still reported—but sometimes too late for the community to weigh in. She points out that plans for the construction of a new minor league baseball stadium in downtown Fayetteville weren't covered until most major decisions had already been made, leaving broad swathes of the community out of the discussion. "We have a big Facebook following, a large email subscriber list," she says, "but it's not going to hit a broader base of the population."¹³⁴

As an investigative reporter who started at the *Observer* in 1989, Greg Barnes delved deeply into the systemic reasons for poverty in Fayetteville, traveled all over the country to research solutions for violent crime in the city, and examined problems with the state's child welfare agency. His investigations prompted deep discussion and, often, action from local leaders. In 2018, Barnes took a buyout.

On a recent drive around Fayetteville, Barnes, noticed something that gave him pause: A knot of police surrounded a burned-up tractor trailer. He snapped a picture with his phone and texted it to the *Observer's* executive editor, who told him she would send a photographer.

Barnes laughed. It had been more than a year since he worked for the paper, but he can't help himself.¹³⁵ This is the kind of story, easily grabbed with a photo and maybe a call to the police station, that will continue to get some coverage going forward. But what about the rest?

Barnes reflected on his December 2015 series, "Poverty's Price," which assessed the local legacy of mass incarceration and the drug wars, the link between poverty and failing schools, and the school-to-prison pipeline in Fayetteville. After publication, it led to the city council applying for a grant and committing to specific initiatives to improve the city's poorest neighborhoods.¹³⁶ At the close

of the series, Barnes directly addressed his critics in the conservative area and summed up his thoughts in a personal column, concluding, "I hope this project serves as a starting point, one that evokes the conversation: OK, so now what do we do?"¹³⁷

But many see the *Observer* increasingly shying away from such big questions, and Barnes says that toward the end of his three decades there, his job had essentially become filling holes for the rapidly diminishing staff instead of doing the sprawling investigations that had long been his trademark.¹³⁸

Troy Williams—a local activist, member of the *Observer's* community advisory board, and talk-show host on AM radio—recalls another watchdog story that resonated widely but would probably not have happened today. In 2010, he wrote a column in the *Observer* revealing that the police department appeared to be targeting black residents for driving infractions.¹³⁹ In the wake of the column and follow-up coverage by reporters, the city manager and police chief lost their jobs and police reforms were enacted. When the issue of racial profiling gained national prominence in 2015, *The New York Times* cited Fayetteville's reforms as a model.¹⁴⁰



A burnt out tractor trailer in Fayetteville, North Carolina. While accidents continue to get some coverage in the local paper, The Fayetteville Observer, big picture investigative reporting is receding.



Activist Troy Williams wrote a column in *The Fayetteville Observer* revealing racial profiling of black drivers, leading to significant police reforms.

Williams gives the *Observer's* coverage “70 to 80 percent of the credit” for the reforms. “If we had to go through that today, I think we’d be in trouble,” he says. “We had real investigative reporters there. They ain’t there. These guys would be able to get away with murder now. If there’s nobody watching these rascals in the chicken coop, the foxes are going to take over.”¹⁴¹

THE OBSERVER’S DECLINE has been felt in Robeson County, too. Just a short car ride away from Cumberland, Robeson was often the beneficiary of the *Observer's* regional coverage. Today, Robeson TV viewers get sporadic coverage from ABC 11 and WRAL, but for local news that focuses on them rather than on their neighbors, the only regularly-published legacy option is a 5,000-circulation paper and website called *The Robesonian*. Like so many local outlets, it has changed ownership several times in recent years and its newsroom has been subjected to significant cuts; today, it’s owned by Champion Media.¹⁴²

Donnie Douglas, *The Robesonian's* editor, has been with the paper for over two decades; he says that, with a staff of 3.5 news reporters and 2 sports reporters, his job is to fill the five-times-a-week newspaper as best he can, however he can. That means, for the most part, lots of

municipal and school government meetings and crime coverage. Douglas is able to stack the opinion page with criticism of the county board, which he says is composed of “crooks—and I don’t use that word lightly.” But he has to pass on more ambitious stories. Even if he’s intrigued, he says, he’ll often think, “That story is probably too big for us.”¹⁴³ In a county with a long history of corruption, Douglas feels that the area’s officials would be even more out of control without the newspaper’s presence.

“We’re *it* in Robeson County,” Douglas says. “If you think we do a poor job or we do a good job, or you think we’re biased—and I’m sure there are people who believe some of those things—you’ve got no other options” for local news. Unless you want to count Facebook as a media source, which I do not.” Without *The Robesonian*, he says, “nobody knows who won the football game, nobody knows who dies.”¹⁴⁴

On a recent day, Douglas was unhappy with the way the Thursday edition had turned out, taking issue, in particular, with the front-page articles: one a national wire story about a drop in the stock market—Douglas prefers only local news on the front page—and the other a press release fashioned as a news story, written by a former *Robesonian* reporter who now works for the county hospital system.¹⁴⁵

Douglas’s reality—a small staff that doesn’t often delve deeply into malfeasance in its pages—is not new to small-town newspaper editors. Fiona Morgan, a North Carolina-based news consultant, said many see the issue facing local media purely in terms of economics or, “‘before everything worked and now it doesn’t,’ but many community newspapers have never done the kind of accountability reporting associated with bigger newspapers,” she said. “Not all local papers see it as their role to question authority in that way. You’ve always had news deserts even in places where there are outposts. Some local newspapers have been failing to provide aggressive accountability coverage for a long time, especially in rural communities. Where there’s no competition, there’s no pressure to do better.”¹⁴⁶

Douglas is unabashedly conservative and pro-business, and *The Robesonian*,

We went from having one of the best local newspapers in the state,” says developer John Malzone. Observer reporters “were everywhere.” Now Raleigh reporters “only come down if there’s a murder.”

on the whole, welcomed the Sanderson Farms chicken plant. In contrast to *The Fayetteville Observer's* robust, critical discussion of environmental issues, *The Robesonian* only published about 25 news and opinion stories about the plant's plans to move to the county, roughly one-seventh as many. Scott Bigelow, a longtime *Robesonian* reporter and editor who now works there part-time, attributes the newspaper's general dearth of agricultural reporting to the fact that no one has covered that beat full-time for years.¹⁴⁷ In March 2015, when Sanderson Farms made its final decision, *The Robesonian's* headline read: "Sanderson Picks Us."

ROBESON IS DIVERSE: 23 percent black, 31 percent white, and 42 percent American Indian. The county has a long history of tensions around race and inequality.¹⁴⁸ Some of those tensions have involved *The Robesonian* itself. In 1988, two activists, who identified themselves as members of the Tuscarora-Cherokees, took the newsroom in Lumberton hostage at gunpoint, a scene captured by a news crew in Raleigh.¹⁴⁹ The hostage takers demanded an investigation into local corruption and police brutality, hoping to draw attention to these issues and force change, and expressing frustration that the newspaper refused to hold those in power accountable.¹⁵⁰ While the merits of the claims and some aspects of the incredible turn of events are still debated to this day, the episode highlighted how chaos can erupt when people believe that their concerns are being ignored.

For a long time, Robeson was home to a singular outlet for the long-simmering frustrations of the local Lumbee tribe (which is not federally recognized, but comprises the majority of self-described Indians in the area). From 1973 to 2005, Bruce Barton, a local gadfly, advocate, and legend, challenged white authority and presented local news from a Lumbee perspective; for many years he was, alongside a few family members, almost single-handedly behind the *Carolina Indian Voice*, which became an integral part of the community and promoted the tribe's identity. Barton, who died in 2016, wrote forceful opinion pieces about Lumbee

issues, recounted their history, and covered community events.¹⁵¹ His investigations exposed discriminatory educational practices, police brutality, and political corruption.

Beyond shining a light on specific issues, Barton's newspaper initiated essential conversations—"Indians talking to other Indians," says Lorraine Ahearn, a longtime reporter and columnist for the Greensboro *News & Record* and a professor who researched the *Indian Voice's* early history for her dissertation at UNC. Barton and his paper helped the Lumbee "cohere around and debate things and make decisions as a community," ultimately forcing county leadership to pay attention and address their concerns. "He was really beating *The Robesonian* on a lot of stories," Ahearn says, "even as a one-man show."¹⁵²

Malinda Maynor Lowery, a UNC-Chapel Hill history professor and Lumbee tribe member, recalls that the two papers "were routinely criticizing each other for their version of their events. Sometimes *The Robesonian* would surprisingly align itself with the editorial voice of the *Indian Voice*." Lowery, who lived in Robeson County as a child, says that the *Indian Voice* helped instill a sense of Lumbee self-determination. When an item about her grandparents' 50th anniversary appeared in its pages, she says, "I remember that making a huge impression on me that my grandparents were in the paper. It's a matter of recognition and personal point of pride when an individual can recognize themselves in a media outlet."¹⁵³

AS LARGE CHAINS BUY, consolidate, and shrink local newspapers, the contraction of regional papers has further reduced original reporting in rural areas. In the past, *The News and Observer*, based in Raleigh, and the *News & Record*, based in Greensboro, kept tabs on Robeson County. "*The N&O* would come down and do a story" on local corruption, "and that would get results," says Melanie Sill, the *N&O's* former top editor and now a North Carolina-based news consultant.¹⁵⁴ Ahearn agreed, recalling that at one time the *News & Record* voraciously covered more than a dozen smaller cities and counties around Greensboro and sought



Animal waste lagoon in North Carolina.

to expose wrongdoing across the state, including in places like Robeson and Cumberland Counties.¹⁵⁵

Sill says she considers the retrenchment of the bigger regional dailies one of the gravest setbacks to hit small, rural communities. Both traditional sources and startups are trying to fill the void. WRAL's news operation does significant watchdog reporting across the state, including a recent story in Robeson County that revealed past misconduct by a group home housing migrant children.¹⁵⁶ Barnes now works for the nonprofit North Carolina Health News, founded in 2011, which sends him all over the state reporting on environmental stories. Recently he wrote about potentially toxic water in Pittsboro, alerting residents to the fact that the town hadn't notified them of the presence of a toxic compound.¹⁵⁷ After Barnes's stories were published, town officials eventually decided to notify residents.¹⁵⁸

Other nonprofit start-ups that cover statewide issues have sprung up in recent years as well. They include Carolina Public Press, an investigative news site, and NC Policy Watch, a left-leaning news and commentary site, among them. Founded in the early 1990s, *Carolina Journal*, a print and digital publication, and the John

Locke Foundation, a think tank, deliver news, analysis, and commentary from a conservative perspective; the foundation president's columns are reprinted in outlets across the state.¹⁵⁹

While Barnes and others see independent, nonprofit journalism as a potential model for the future, it's clear that, even combined, the statewide sites don't come close to employing the number of journalists that once covered rural North Carolina for legacy newspapers. And the lack of resources to pay them isn't the only challenge. Frank Taylor says that the Carolina Public Press depends primarily on freelancers, and good freelance reporters are hard to find in rural areas. "Those people," he says, "are fleeing and going somewhere else."¹⁶⁰

TO JEFF CURRIE, a water protection expert and environmental activist, the media seems to have plenty of resources when big news breaks. "Everybody was here when talking about the hurricane was sexy," he says, but he doesn't understand the point of reporting if it's not to uncover things like the influence of big agricultural companies and their impact on the environment. For Currie and others in Robeson County, the lack of a consistent independent voice that can push back and explore vital issues is palpable. "Really," he says, "the power of the newspaper is more than the power of 1—or even 10."¹⁶¹

Since the Sanderson Farms chicken plant opened in Robeson, farms that funnel chickens have cropped up elsewhere around the County, alarming environmentalists. More recently, a major natural gas pipeline was proposed that, if built, would ultimately run through Robeson as well.¹⁶² As an activist, Currie has found himself almost taking on the role of quasi-watchdog journalist, making a habit of driving around the county and noting the chicken farms' locations, their owners, and the water quality of the Lumber River, the area's primary water source. He says that *The Robesonian* published a letter to the editor that he wrote about the chicken plant and potential environmental issues. He hoped to receive a call from a reporter following up—but the call never came.¹⁶³

"I remember that making a huge impression on me that my grandparents were in the paper. It's a matter of recognition and personal point of pride when an individual can recognize themselves in a media outlet," says UNC professor Malinda Maynor Lowery.

THE DECIMATION OF LOCAL NEWS

“I would call what’s happening in journalism a mass extinction event,” says Farai Chideya, a reporter and program officer for creativity and free expression at the Ford Foundation.¹⁶⁴ But why are so many local news outlets dying?

There is a tendency to think that audiences are disappearing, but that is misleading. In fact, the appetite for powerful investigative journalism has never been greater—or more urgent. The collapse of local news ecosystems is actually a collapse of the business model, rooted in ad revenue, that for decades sustained local reporting. The rise of the internet has taken its toll as sites for classified ads, search engines, and social media platforms have cannibalized most of the ad revenue that once went to local news outlets. A wave of consolidation has been sweeping the industry—across TV, radio, and newspapers—leading to cost cutting and dramatic staff reductions, and increasingly enabling national companies, some with national political aims, to dominate local outlets. While digital news outlets are proliferating and filling a crucial void, many are struggling to achieve financial sustainability.

Newspapers have experienced the sharpest declines, losing more than \$35 billion in ad revenue since 2005 and 47 percent of newsroom staff since 2004.¹⁶⁵ Yet newspapers continue to provide the greatest share

of original reporting.¹⁶⁶ As journalists are laid off and outlets shutter, stories go untold. This is the true, top-line consequence of the local news crisis: Original, local reporting on critical issues is becoming scarcer and scarcer for communities across the country.

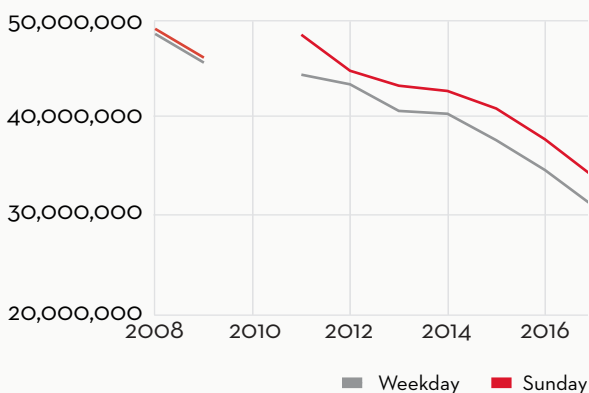
Meanwhile, the American public is largely unaware of the severity of the situation. According to a 2019 Pew survey, 71 percent of Americans believe that their local news outlets are doing well financially, and only 14 percent say they have paid for or given money to a local news source in the past year.¹⁶⁷ This lack of public awareness inhibits a public response to the problem, and raises major questions about how journalists and media experts can more effectively sound the alarm. As LaMonte Guillory of the rural communities-focused LOR Foundation, put it: “Most communities and most people don’t understand the impact [the local news crisis] will have . . . So it’s really hard for consumers to be in a position to say ‘I know what the hell it is you’re doing and I know why it’s important and I know why I should be engaged with it.’”¹⁶⁸

A brewing crisis

The rise of the internet and shifting audiences

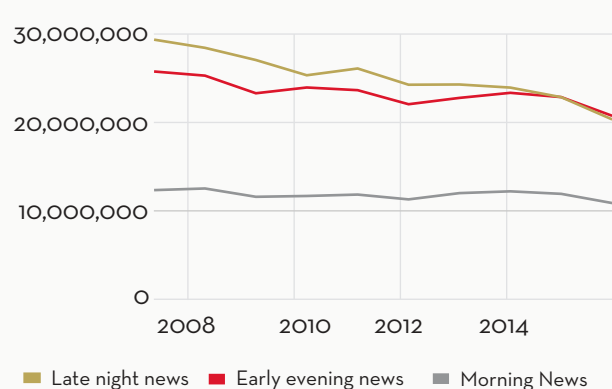
The internet has radically changed how Americans consume news. Eighty-one percent of Americans go online on a daily basis, including 28 percent who say they are online “almost constantly.”¹⁶⁹ Forty-three percent report often getting their news via websites or social media, a number that is growing

FIGURE 1
U.S. NEWSPAPER CIRCULATION (PRINT AND DIGITAL)



Newspaper circulation has fallen by 36 percent on weekdays and 30 percent on Sundays since 2008. (No data available for 2010.)

FIGURE 2
LOCAL TV NEWS VIEWERSHIP (2007-2016)



Local TV news viewership has declined since 2007: 12 percent for morning news, 19 percent for early evening news, and 31 percent for late night news.

Figures 1 through 4 show trends in newspaper, local TV, and radio audiences and revenue (all data from Pew Research Center).¹⁷⁰



as corresponding percentages for newspapers and television continue to decrease.¹⁷¹

While the decline of print media began decades ago,¹⁷² the internet has rapidly accelerated it, and newspapers have borne the brunt of these shifting consumption patterns. As shown in the charts below, newspaper circulation has experienced huge drops over the past decade, while local TV news viewership has also fallen (AM and FM radio audiences have remained flat).¹⁷³

While declines in local TV news audiences have been less dramatic, viewer demographics suggest that trouble is on the horizon. The vast majority of older consumers—81 percent of Americans over 65—report often turning to TV for their news.¹⁷⁴ By contrast, only 16 percent of Americans between 18 and 29 report often getting their news from TV.¹⁷⁵ As its audience continues to age, local TV news will face further economic pressures.¹⁷⁶ The stability of radio's audience, meanwhile, is due in large part to its ongoing ubiquity in cars—something that other news media cannot replicate.¹⁷⁷ That said, significantly fewer people prefer to get their local news through radio (8 percent) as compared to print newspapers (13 percent), TV (41 percent) or online (37 percent).¹⁷⁸

Declines in advertising revenue (fig. 4), which makes up over two-thirds of all news media revenue in the United States,¹⁷⁹ have mirrored the falloff in circulation. As shown in the chart below, ad revenue has been down since 2010 for newspapers, local TV, and all-news radio.¹⁸⁰ Again, newspapers have

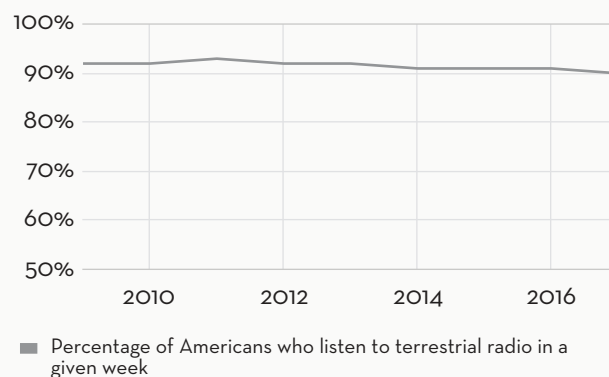
experienced the sharpest drops—nearly \$35 billion since 2005.¹⁸¹ For a business reliant on ad revenue to survive, these numbers are dire.

Tech giants dominate digital ad revenue

But those ad dollars aren't disappearing. They're shifting to tech giants. The amount of money being spent overall on ads in the United States has increased for the past nine years straight, reaching approximately \$200 billion in 2019.¹⁸² Most of this growth is in digital ads, which now account for over half of all ad spending.¹⁸³ And of that enormous amount of revenue, by one 2018 estimate, nearly 60 percent is going to two companies: Facebook and Google.¹⁸⁴ In local markets, the situation is starker, with 77 percent of digital ad revenue going to Facebook and Google.¹⁸⁵

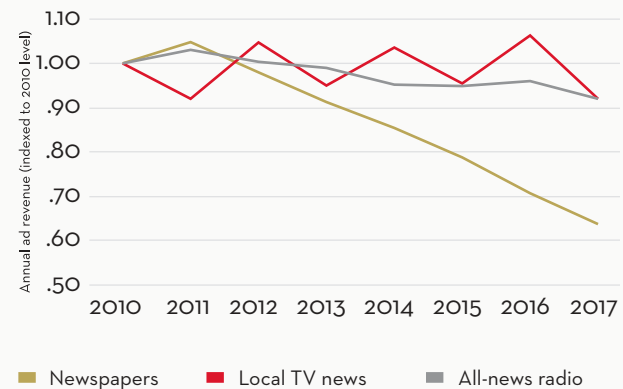
Facebook has become the most commonly used online platform for accessing news.¹⁸⁶ Because of Facebook's ubiquity, news outlets feel compelled to distribute their content through the platform, alongside everyday users who post or repost news content from these outlets. So while Facebook plays no role in the expensive process of news gathering, it offers a slate of digital news stories to its users. Facebook can then sell digital ads that appear alongside the resulting news stories (the same way a newspaper can sell ads that appear alongside its articles in print or on its own website), with revenue from these ads going to the platform—not to the originator of the content.¹⁸⁷ Meanwhile, advertisers gravitate towards

FIGURE 3
AM/FM RADIO LISTENERSHIP (2009–2017)



Overall AM/FM radio listenership has been flat since 2009.

FIGURE 4
DECLINES IN AD REVENUE (2010–2017)



Between 2010 and 2017, ad revenue fell 36% for newspapers, 8% for local TV news, and 8% for all-news radio.



Facebook has become the most commonly used online platform for accessing news

Facebook's ads over more traditional ad placements, in part because of the platform's extensive data on user preferences and demographics—something that helps explain why ads on Facebook are reportedly eight times the price of ad placements in publications.¹⁸⁸

Like Facebook, Google earns revenue for ads that appear on its search engine alongside news stories that help drive eyes toward its platform—revenue it does not share with publishers. Google does offer ad placement products, which help publishers sell ads on their own websites; publishers earn money from ads placed on their websites and Google takes a cut. In response to PEN America's inquiry, Google notes that these products allow publishers to keep "more than 70 percent of the revenue generated from ads shown on [their] websites."¹⁸⁹ Yet critics argue that this number is more accurate on paper than in practice, pointing to studies that indicate that publishers actually receive a more modest amount.¹⁹⁰ And these digital ads compete with potential paper or broadcast ad placements from the same advertisers, or even in-house digital ads, for which publishers would normally receive 100 percent of the revenue.¹⁹¹

Tech giants point to the value that news outlets gain from driving traffic to news stories: Google estimates that they drive approximately 24 billion visits to news publishers globally each month.¹⁹² Facebook similarly drives traffic to news publishers

whose content appears on the platform, including from news consumers who may not otherwise have encountered the stories.¹⁹³ By one 2018 estimate, the two companies provide a collective 66 percent of traffic referrals to news posts.¹⁹⁴

While the benefit of this referral traffic is significant, its value must be weighed against the disproportionate share of ad revenue that such platforms are now amassing; in other words, how much money can news outlets actually make from this increased traffic? For millions of Americans, Google and Facebook are nearly synonymous with the essential functions of the internet. This means that the financial success of journalism online is dependent upon publishers' relationships with Facebook and Google—and so far, those relationships have struck the wrong balance.

The internet's disruption of the news did not begin with these two companies. In the early 2000s, websites like Craigslist and Monster began biting deeply into newspapers' profits from classified ads.¹⁹⁵ But these sites never disseminated news content; they only published ads. They did not have the market dominance, the advances in algorithmic targeting, or the all-encompassing effect on consumption patterns that Google and Facebook have had. Today, news outlets have no choice but to reckon with how the so-called digital duopoly has changed both reader habits and revenue models for their industry.



News outlets at the whim of algorithms

A major element of this imbalance is that news outlets have found themselves at the whim of the algorithms that platforms like Google and Facebook use to populate users' searches and feeds. These algorithms affect the way that millions of Americans receive their news, so that the algorithms' choices—over which content is prominently surfaced and which is downplayed—have significant impact on how well news stories do with digital audiences. The result has been that news outlets must, in the words of one journalist, “pander to what Facebook's and Google's guiding algorithms deem important.”¹⁹⁶ Here, critics have alleged, Google and Facebook's algorithms have prioritized clickbait over news,¹⁹⁷ the sensational over the informative,¹⁹⁸ follow-up and analytical pieces over original reporting,¹⁹⁹ and free-to-view over paywalled content.²⁰⁰ Both Google and Facebook have iteratively altered their algorithms over the years in order to respond to these critiques,²⁰¹ but some publishers and analysts remain skeptical that such changes go far enough—or are fundamental enough—to address these challenges.²⁰²

A single algorithmic change can have immense consequences. When Facebook altered its news feed algorithm in 2018 to deprioritize content from news publishers in favor of content posted by individual users,²⁰³ the website traffic of news outlets plummeted: In May 2017, Facebook was the source of 40 percent of the outside traffic to news publishers; a year later, it was down to 25 percent.²⁰⁴ Prominent online publishers like Vox and *Slate* reported significant declines in Facebook traffic and corresponding losses in digital ad revenue.²⁰⁵ Some smaller digital publishing outlets, like LittleThings²⁰⁶ and Render Media,²⁰⁷ went out of business altogether.

Facebook's decision to change its algorithm was unilateral. CEO Mark Zuckerberg announced the intended switch in January 2018, writing, “We've gotten feedback from our community that public content—posts from businesses, brands and media—is crowding out the personal moments that lead us to connect more with each other.”²⁰⁸ Absent from Zuckerberg's statement was any indication that Facebook had spoken to media organizations to gather their input. After the changes were announced, media executives reportedly confronted Facebook's leaders at the World Economic Forum in Davos, Switzerland, with questions about how the announced changes would be implemented.²⁰⁹ Some requested that Facebook share with media companies the “trustworthiness scores” that its algorithm assigned to their outlets. After a heated internal debate, Facebook reportedly said no.²¹⁰

Asked about this issue by PEN America, Facebook spokesperson Erin Miller indicated that the company

was continuing to work with publishers, and that “Moving forward we will be more measured and absolutely clear about setting expectations with all of our news partners.”²¹¹

It is important to acknowledge that tech companies, Facebook and Google included, have stated their desire to be part of the solution, not just part of the problem, and have launched products and initiatives geared toward supporting journalism. Perhaps most significantly, Facebook announced its introduction of the Facebook News Tab in October 2018, which will reportedly include licensing agreements for some outlets (discussed on page 58). But these efforts are no substitute for billions of dollars in lost ad revenue and the power of opaque algorithms.

Local news ecosystems out of balance

The migration of audiences and ad revenue has led local news ecosystems to fall out of balance as news outlets have cut costs, consolidated, or closed down altogether. While the dynamics vary across TV, radio, and newspapers, the cumulative effect poses an existential threat to local accountability reporting. “We reporters, especially local reporters, have been a threatened species for some time,” says Willoughby Mariano, investigative reporter at *The Atlanta Journal-Constitution*, “and now I think we're a little closer to endangered.”²¹²

Local newspapers: closures across the country

Newspapers, at the epicenter of the local news crisis, are the most significant medium for original reporting. In a study released in August 2019, researchers at Duke University examined over 16,000 stories produced by over 600 news outlets in 100 American communities and found that local newspapers accounted for nearly 60 percent of local news stories—more than television, radio, and digital-native websites combined.²¹³ And while some of the coverage produced by TV and radio was original, much of it amplified stories that were initially reported by newspapers.²¹⁴

But newspapers are waning. Since 2004, the United States has lost over 1,800 local print outlets, including major local papers, from *The Tampa Tribune* to the *Rocky Mountain News*. The vast majority of closed newspapers were smaller, with circulations under 5,000. Today there are reportedly at least 200 counties in the United States without any newspaper at all, creating a news shortage for the 3.2 million residents of those counties. Of the remaining counties, more than half—1,528—have only one newspaper, most often a weekly, to cover populations ranging from under a thousand to over a million residents.²¹⁵

The map below, developed by Penelope Muse

Abernathy, who heads UNC's Center for Innovation and Sustainability in Local Media, tracks the disappearance of newspapers in communities across the United States.²¹⁶ (Much of this report's most up-to-date statistics about the fate of local newspapers specifically draws from this research.)

Local newspapers: consolidation and cost cutting

The failure of the business model underlying the industry has ravaged many of the newspapers that remain, driving significant cost cutting, ownership changes, and a wave of consolidations under media conglomerates or other corporate entities (often private equity firms and hedge funds).²¹⁷ More than half of all U.S. newspapers have changed owners in the past decade, and in 2018 just 25 companies owned two-thirds of dailies.²¹⁸

Hedge funds often gut the newspapers they acquire, seeking short-term profits. "They're not re-investing in the business," Ken Doctor, a leading scholar on media economics, said of Alden Global Capital,²¹⁹ a hedge fund that has acquired over a hundred newspapers and cut over a thousand jobs at those outlets.²²⁰ As the newspaper industry dies, Doctor added, Alden is "going to make every dollar they can on the way down."²²¹

Media conglomerates such as GateHouse and Gannett have also aggressively acquired, consolidated, and shrunk their holdings.²²² Private-equity-backed GateHouse, which owns 156 dailies across the country, has laid off at least 159 people in 2019.²²³ Gannett laid off as many as 400 of its employees in early 2019, many of them editors and senior journalists.²²⁴ Both GateHouse and Gannett have thousands of employees, so these layoffs represent a small fraction of their total

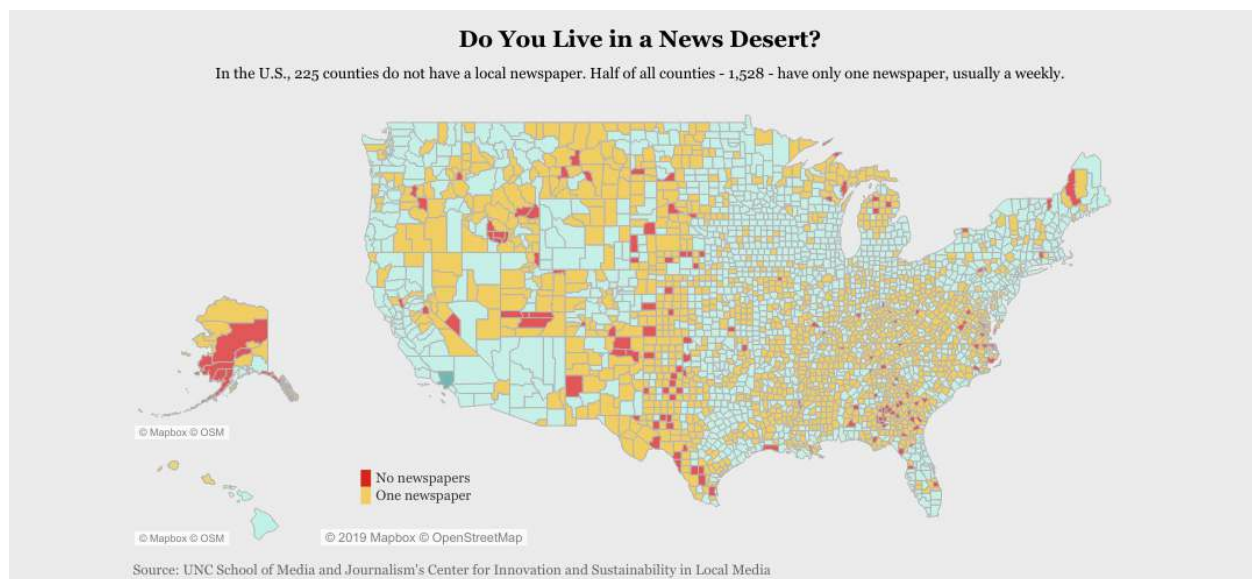
head count.²²⁵ Mike Reed, the CEO of GateHouse's parent company, declined in an interview with *Business Insider* to confirm the number of recent cuts but dismissed them as "immaterial," stating, "We have 11,000 employees. A lot to me is 2,000."²²⁶

But, to a small newsroom, or even a larger one that has endured previous rounds of layoffs, every missing reporter represents a diminished ability to unearth local stories. "Less is not more," says Margaret Sullivan, a media columnist for *The Washington Post*. "Less is less. As there are fewer journalists, there is less coverage, period."²²⁷

The country's two largest newspaper chains aim to consolidate further—with one another. In August 2019, New Media Investment Group, the holding company that owns GateHouse, announced that it would acquire Gannett for roughly \$1.4 billion.²²⁸ If the merger goes through, a single company will control more than 600 news titles.²²⁹ The two mega-chains have said that, following the merger, they intend to cut an estimated \$275 million to \$300 million in expenses annually.²³⁰ Given both companies' track records, it is a near-certainty that these cuts will involve further layoffs.

In an interview with PEN America, Sullivan explained why owners often hit newsrooms the hardest: "Newspapers have a lot of standing costs, like presses and trucks and things like that, and there's not much you can do about that," she says. "But what you can do something about is payroll. And so that's what they've done. They've slashed, very radically, the number of journalists in the newsroom."²³¹

"Reporters understand that advertising drops have changed the industry," says Phil Luciano, a columnist at the *Journal Star* in Peoria, Illinois, a GateHouse-owned daily that since the 1990s has shrunk





from small to minute.²³² “But being financially prudent is one thing. It’s another to use cuts as a way to funnel profit to the front office and to shareholders. Fewer reporters is *never* a good thing for the public. It’s hard, if not impossible, to be a public watchdog when your owner keeps wrenching your teeth out.”²³³

The numbers are devastating. Total newsroom employment (in newspapers, TV, radio, and digital) dropped by about a quarter from 2008 to 2018, while the plunge in newspaper newsrooms specifically was much worse: 47 percent.²³⁴ Beat reporting—the day-to-day coverage of a particular field, allowing a journalist to develop expertise and cultivate sources—has been gutted.²³⁵ One measure of the loss is that the number of Freedom of Information Act (FOIA) requests submitted by local newspapers fell by nearly 50 percent between 2005 and 2010, demonstrating a significant drop in the extent to which reporters request government records.²³⁶ FOIA requests are a staple of investigative journalism, which often arises from tips gathered when covering a beat.²³⁷

At some papers, staffing cuts have been so drastic that Abernathy coined a term for what remains: “ghost newspapers,” meaning papers whose reporting staffs are so significantly reduced that they can no longer provide much of the breaking news or public service journalism that once informed readers about vital issues in their communities.²³⁸ Many such papers are reduced to little more than advertising circulars, with, perhaps, a handful of stories reproduced from larger regional or national papers.²³⁹ Of the surviving 7,200 newspapers in the United States, at least a thousand qualify as ghost newspapers, according to Abernathy.²⁴⁰ The existence of so many ghost papers shows that the grim statistics about newspaper deaths tell only part of the story. While many news outlets are gone, numerous others remain as shells of their former selves.

TV and radio: consolidation and cookie-cutter coverage

Consolidation is affecting not only local newspapers but also local TV and radio broadcasters. The result is a shift toward more national coverage, less diversity of viewpoints, and sometimes more politically polarized news. The trend is in fact decades-long, accelerated in the aftermath of the 1996 Telecommunications Act—and its lifting of many anti-consolidation restrictions on both the television and radio space.²⁴¹

After about a decade of acquisitions, five companies owned approximately one-third of the country’s 1,400 local TV stations by 2014.²⁴² And this trend has only continued. PEN America analyzed the annual reports and Securities and Exchange Commission filings of the four largest local TV owners and operators between



Two reporters hug in the newsroom of the Rocky Mountain News in Denver as the newspaper runs its final edition in February 2009.

2011 and 2017, and found that these entities collectively acquired 322 TV stations during those years.²⁴³

When large broadcasters acquire local TV stations, they commonly attempt to cut costs by combining operations—sharing space, staff, and especially content.²⁴⁴ Broadcasters also have clear financial incentives to shift their resources towards more national, as opposed to local, news. A 2019 study published in the *American Political Science Review* found that “there are very clear economies of scale for a conglomerate owner in covering national as opposed to local politics, thanks to the ability to distribute the same content in multiple markets.”²⁴⁵

Elizabeth Green, cofounder of the education news nonprofit Chalkbeat and of the venture philanthropy nonprofit American Journalism Project, agrees that local news “doesn’t scale,” elaborating that sufficient attention to local news requires that “You just have to have a reporter at every city hall meeting. There’s no way around that. There’s no shortcut there.”²⁴⁶

The result of rampant consolidation, says Yosef Getachew, director of the media and democracy program at watchdog group Common Cause, is that cheaper, national news dominates and “local news gets forgotten about. It’s becoming more cookie-cutter journalism,” with stations airing “the same news product on multiple stations across multiple markets without any regard for what the community needs.”²⁴⁷

This disregard is especially acute in rural areas. In many markets, LaMonte Guillory, chief



A still from a video compilation of anchors at local news stations across the country reading identical “must runs” mandated by their owners, media conglomerate Sinclair Broadcast Group.

communications officer of the LOR Foundation, told PEN America, “there isn’t a local news station TV-wise that you can turn on at 6pm and get the lowdown of what’s happening. It just doesn’t exist. What does exist is this regional television news or national television news, so the community was just totally skipped in that narrative.”²⁴⁸

Cookie-cutter news with an explicit political agenda is even more concerning. Stations owned by Sinclair Broadcasting Group, the country’s largest owner of TV stations, reach 40 percent of U.S. households.²⁴⁹ Sinclair mass-produces and distributes news content that emphasizes national stories and often has a conservative slant. Its chairman, David Smith, has publicly announced to the Trump Administration, “We are here to deliver your message.”²⁵⁰ One way the company has enacted this intention is through so-called “must-runs”—segments that are written and sometimes produced at Sinclair’s headquarters, then sent to affiliates with a mandate to be broadcast within 48 hours.²⁵¹

Although scripted by Sinclair, some of this must-run content is read by a local TV station’s regular, familiar, often trusted anchor, leaving millions of viewers unaware of its origins.²⁵² Different anchors in their respective markets repeat exactly the same words.²⁵³ In 2018, newsroom staff at Sinclair affiliates rebelled, writing an anonymous joint op-ed in *Vox* that read: “Our anchors privately said they felt like corporate mouthpieces,

especially when they found out no edits of the script were permitted. Yet bosses made it clear that reading the message wasn’t a suggestion but an order from above.”²⁵⁴ As Sinclair’s stations skew further toward national, opinion-based content, the quantity and quality of community-specific information declines.

The local radio space has long been grappling with industry consolidation as well, with station owners merging news operations across affiliate stations.²⁵⁵ One analysis, in 2006, noted that the top 4 radio companies had at that point almost half of American listeners, while the top 10 companies had almost two-thirds of listeners.²⁵⁶ More recent comprehensive statistics are harder to come by, in part because the discussion has faded somewhat from public view.²⁵⁷ Even so, consolidation in radio is so obvious that it has its own term: “radio homogenization.”²⁵⁸ While much has been written about how radio homogenization affects music and entertainment radio, the phenomenon also affects local news—an issue which has yet to be deeply examined. As a result, radio listeners find themselves with fewer unique and varied sources of local commercial news radio.

Meanwhile, there is very little public awareness of how aggressively corporate consolidation has harmed local news ecosystems. “Most people don’t know who owns the media in their community,” Getachew says. “They don’t know Sinclair owns their station.”²⁵⁹ As news outlets lose their sense of



place, they can no longer serve their communities effectively. A major 2018 study published by the New Measures Research Project found that only 17 percent of the stories in local news outlets were actually about the local community, less than half the stories were original, and just over half addressed a critical information need.²⁶⁰

Digital news sites: filling gaps and struggling to achieve sustainability

As legacy media struggles, observers have hoped that digital-native and digital-first outlets, such as HuffPost and BuzzFeed, could make up for the coverage that has been lost—including at the local level.²⁶¹ With the growing popularity of online content consumption, hundreds of digital outlets have cropped up around the country,²⁶² and more and more journalists are working for them: Between 2008 and 2018, the number of newsroom employees in the digital-native sector increased by 80 percent.²⁶³ Many of these newsrooms—such as Detroit’s Outlier Media or Denver’s The Colorado Sun, discussed in-depth in the case studies included in this report—are exceptionally adept at producing local stories that address critical information needs.²⁶⁴

Still, digital news sites remain a relatively modest part of wider local news ecosystems.²⁶⁵ As digital news sites proliferate, especially those that are hyperlocal or issue-specific, readers have to negotiate a growing number of news sources and subscriptions.²⁶⁶ And there are concerns about the model’s economic viability.²⁶⁷ With Google and Facebook sweeping up 60 percent of digital ad revenue²⁶⁸—77 percent in local markets²⁶⁹—experts have concluded that it is difficult for online outlets to survive on traffic or click-based ads alone.²⁷⁰ Even the most successful digital-native outlets have struggled: HuffPost failed to turn a profit in 2018, despite \$146 million in ad revenue. BuzzFeed News experienced major layoffs

in 2017 and 2019. And Mic laid off most of its staff and was sold to Bustle in 2019.²⁷¹

A 2018 white paper released by the Center for Cooperative Media shows that some digital-native news outlets have achieved a measure of success, including through traditional ad revenue streams. But so far, most of those outlets have been located in wealthy communities with an affluent base of subscribers or sponsors, which risks further reinforcing systemic inequities in the media ecosystem.²⁷²

As Nicholas Lemann, a professor and dean emeritus at the Columbia Journalism School, told PEN America: “I used to go to these conferences constantly that always ended with, ‘The new business model is about to arrive.’ There was a lot of that around, for 10 years at least, about this or that digital organization that was about to start making a lot of money,” whether through e-commerce or native advertising or a pivot to video. The magic formula for profitability, Lemann concluded, never arrived.²⁷³

Conclusion

As audiences have shifted to a news consumption model that offers little revenue for the actual producers of local news stories, the business model for local journalism has collapsed. The drying up of ad revenue has accelerated waves of consolidation, cost cutting, and closures, further squeezing out locally owned outlets.

The results have been particularly devastating for newspapers, whose outsized role in driving local reporting makes them “keystone species” for local news ecosystems. But the effects stretch beyond newspapers to affect all traditional media. The most significant casualty is not any individual outlet or media type—it is the diminishment of beat and investigative reporting. As institutions that prize original reporting struggle, local stories are increasingly going untold. This is a problem of national scope, which requires ambitious solutions at scale.

THE LOSS OF BEAT AND INVESTIGATIVE REPORTING

In interview after interview with PEN America, reporters and media experts across the country described what staffing losses have meant for investigative and beat reporting on the ground:

“At The Atlanta Journal-Constitution, we had, more than a decade ago, about 530 people covering the news. And we now have less than 150. We had an entire newsroom of about 20 people or so devoted to some of the most diverse areas of town—for instance, Gwinnett County, where a lot of our immigrant population lives.... [Today] I’m only aware of a couple of reporters out there. We used to have reporters who covered public housing and affordable housing at a very granular level—that doesn’t exist anymore. We used to have a reporter that exclusively focused on Coca-Cola—that doesn’t exist anymore.”²⁷⁴
—Willoughby Mariano, investigative reporter, *The Atlanta Journal-Constitution*

“There are school districts that serve tens of thousands of students where a reporter won’t go to a school board meetings for months and months because there’s no one to go.... Things happen and no one even knows about them because there aren’t enough bodies to read all the agendas for all the public meetings, much less get someone there to make sure that something untoward isn’t happening.”²⁷⁵—Dylan Smith, editor and publisher, *Tuscon Sentinel*

“It’s a very diminished sort of landscape here. There’s huge swaths of news that would have been covered at some point and that just aren’t now. There’s very little depth in covering the legislative process, whether it is at the state level or even at the local level. You have one person covering the mayor, the Metro Council, and all of metro governments, and this is in a town of close to 700,000 people, in an area of 1.5 million.”²⁷⁶
—Steve Cavendish, a journalist and former editor

of the *Nashville Scene* and *Washington City Paper*.

“We do a lot of town hall meetings. So I’m not surprised when you go in and people will get up and say, ‘Our issues are not being covered. We don’t know what’s going on in the school board or the county council and the mayor’s office.’ One place that’s really suffered is the statehouse coverage. And many states are doing much more legislating than Congress is. But most of those beats aren’t covered anymore.”²⁷⁷
—Michael Copps, special adviser to the media watchdog Common Cause and former commissioner to the FCC

“While I don’t necessarily care whether or not Gannett as a company survives, I care very deeply about the communities that are impacted by continued consolidation and the evisceration of local news. That is ultimately what I think needs to be the framing on this issue: What happens to communities when local news is deficient or disappears altogether.”²⁷⁸
—Mike Rispoli, director of the News Voices project at the nonprofit Free Press

“The unit to look at is news gathering, the ultimate goal is boots-on-the-ground reporters, which we believe are essential to democracy.”²⁷⁹
—Elizabeth Green, cofounder of Chalkbeat and the American Journalism Project

These comments illustrate a reality that all the statistics about consolidations can fail to convey: The crisis is, at its core, not about numbers—the number of journalists laid off or the number of outlets shuttered. Nor is it about the death of print. The issue is that when accountability reporting, in whatever medium, from whatever source, goes away, communities find themselves underserved and underinformed.



SYSTEMIC INEQUITY IN U.S. NEWS MEDIA

In thinking about what the future of local journalism should look like, it is critical to assess where it has historically fallen short. While recent turmoil in the local news industry represents an unprecedented threat, even during the so-called “golden age” of journalism, from the 1940s to the 1980s, news media was not serving all Americans equally.²⁸⁰ As an industry that has traditionally relied on advertising revenue and required a significant amount of capital for entry into ownership, the news media has long neglected communities with less perceived or actual buying power—including communities of color and poor communities. The present-day local news crisis is exacerbating historic inequities in the news media landscape, but it also presents an opportunity to revamp the industry to better represent, reflect, and serve all Americans.

Gaps in access and representation *Geography, income, and class*

Local news is most abundant and informative where residents are valuable to advertisers—that is, where residents have more disposable income. A 2015 study conducted by the Rutgers School of Communication and Information examined three communities in New Jersey and found that news outlets in the wealthiest community produced 23 times more stories per capita than news outlets in the poorest one.²⁸¹ The wealthiest community was also exposed to a higher quality of local journalism, as measured by the extent to which stories were original, were about the community, and addressed the community’s critical information needs.²⁸²

All of this means that the local news crisis is most affecting the very people who have historically been underserved or who have the fewest resources to address the problem. “We’ve found that in areas with only one newspaper or that had lost newspapers entirely, the poverty rate was significantly higher, residents were older and less educated,” than in the country overall, UNC’s Penelope Muse Abernathy told PEN America.²⁸³ Counties without newspapers have an average poverty rate of 18 percent, compared with the national average of 13 percent.²⁸⁴ About half of all residents in these counties also live in a food desert, meaning they have limited access to fresh food.²⁸⁵ In this sense, inequities in access to local news mirror broader social inequities.

Rural counties are among those most deeply impacted: more than 500 of the 1,800 newspapers that closed or merged since 2004, according to the UNC



The very first edition of “Freedom’s Journal,” March 16, 1827, which formed the foundation of the Black Press.

study, have been in such communities.²⁸⁶ And more urban outlets are often hard-pressed to find the resources to cover their rural neighbors. As a result, about half of U.S. adults, a recent Pew study found, feel that their local news outlets primarily cover areas beyond where they live, such as the nearest city.²⁸⁷ Fiona Morgan, media expert and nonprofit consultant, explained: “I talk to reporters all the time who tell me they know there are Pulitzer-worthy stories waiting to be told out of small towns, out of counties where no one shows up to report on the commissioners meeting. It’s a matter of capacity.”²⁸⁸

Race

Inequities in the media landscape are rooted not only in economics and geography, but also in race. Historically, news media in the United States has been owned and produced primarily by affluent white men, who tended to cover those most like themselves for an audience that mostly looked like them. Even during flush times, media did not shine the light evenly. An analysis by the journalism think tank Nieman Lab notes, “The 1940s to 1980s were a golden age for newspaper owners to make money and journalists to make news. But they were only a golden age for a certain group of people. Many

citizens—women and African-Americans—often did not see themselves in news reporting and had few opportunities to shape it.”²⁸⁹

In 1968, the Kerner Commission, a federal committee established by President Lyndon B. Johnson, published a report on the causes of racial strife in the United States and issued a scathing indictment of journalists. “The media report and write from the standpoint of a white man’s world,” it observed. News organizations “have failed to analyze and report adequately on racial problems in the United States and, as a related matter, to meet the Negro’s legitimate expectations in journalism.”²⁹⁰ One solution the Kerner Commission called for: more diverse representation in America’s newsrooms.²⁹¹

Fifty years after the Kerner Commission report, the news business continues to be overwhelmingly white in its ownership and staffing. In the United States, according to a 2017 FCC analysis, only 2.6 percent of TV stations, 5.8 percent of commercial AM stations, and 2.3 percent of commercial FM stations were owned by people of color.²⁹² Most of those are small—accounting for just 1 percent of overall industry asset value.²⁹³

Most owners hire white men to manage their newsrooms.²⁹⁴ In 2018, the Pew Research Center reported that newsroom staff remained overwhelmingly white, male, and less diverse than the American workforce overall: 77 percent of all newsroom employees were non-Hispanic white (compared with 65 percent of all U.S. workers), and 61 percent were men (compared with 53 percent of all U.S. workers).²⁹⁵

Media ownership and staffing disparities are then reflected in the content and tone of news coverage. Television stations have been more likely to run stories portraying black men in relation to crimes, while white men are significantly more likely to be depicted as heroes.²⁹⁶ In local media, white people are more likely than non-white people to have spoken with or been interviewed by a local reporter, driving a greater amplification of white voices.²⁹⁷ This lack of representation across all aspects of news journalism affects Americans’ perceptions of news coverage. Sixty-two percent of black Americans believe that news coverage about them is more negative than reality, compared with 46 percent of white respondents.²⁹⁸

People of color have long had to create their own avenues to produce content on issues most relevant to their lives.²⁹⁹ Outlets owned and operated by black people emerged in the early 19th century to oppose slavery and support abolition.³⁰⁰ The motto of one of the first such papers, the New York City-based *Freedom’s Journal*, stated: “We wish to plead our own cause. Too long have others spoken for us.”³⁰¹ The black press has continued to serve black communities, often providing the first or only



A newsboy selling the Chicago Defender in 1942.

coverage of pressing issues, including lynching, the civil rights movement, police brutality, and criminal justice reform.³⁰² Today there are 158 publications in 29 states that primarily serve black readers, most of them published weekly.³⁰³ The significant history of the black press may help explain why one-in-three black adults say they have a lot of trust in their local news organizations—a higher number than white (27%) or Hispanic (28%) adults.³⁰⁴

Denise Rolark Barnes is a former chairperson of the National Newspaper Publishers Associations, which represents black-owned publications, as well as the publisher of *The Washington Informer*, a D.C.-area weekly newspaper focused on the black community. As she explains, “One of the reasons why the Black Press, and I would assume any other ethnic media, started was because the white press consistently portrayed us a perpetrators or victims, without a voice or an opportunity to speak to the issues that impacted us. Black newspaper publishers believed it was important to own a newspaper that documented our experience and to report stories focusing on our influence on local and national issues.”³⁰⁵

As Rolark Barnes describes it, her own paper, started by her father Calvin Rolark in 1964, is better able to paint a complete picture of the area’s black community than more prominent papers: “We’re not always focused on the most tragic things that are happening in our community. There’s a good balance of other news in our publication—community news, neighborhood news, organizations, churches—that



The [Washington] Post is not able to cover, either because their resources are being used someplace else, or the resources are dwindling.”³⁰⁶

A diminishing landscape

Publications like the *Informer*, which are by and for people of color, play an irreplaceable role in local news ecosystems. But overall, as the Democracy Fund laid out in a 2019 report on the current state of black media, “Black legacy press faces many of the same struggles of the news industry overall, namely adapting to major losses of advertising revenue and an increasingly digital information landscape.”³⁰⁷ Readership of black newspapers is especially low among 18 to 30 year-olds, a demographic trend that bodes poorly for these papers.³⁰⁸ Additionally, black newspapers most commonly have a circulation of around or below 50,000, meaning that even minor declines in circulation numbers can have an outsized effect.³⁰⁹

In response to this shifting behavior from both audiences and advertisers, publishers are working to transition to digital, but they cite several barriers to expanding or moving their publications online, including “the absence of capital and the unclear pathway to success.”³¹⁰ Some who have made the switch are yet to see success. The Democracy Fund study analyzed 2015-2016 circulation data for black digital outlets and found that despite some clear bright spots, “Collectively, these websites saw a median decrease in average monthly visitors of about four percent.”³¹¹

The difficulties of this transition exist despite the fact that there is clear audience need. Glenn Burkins was inspired to launch Q City Metro, a digital outlet based in Charlotte, N.C., when he realized that Charlotte’s black population had “practically no options when it came to online media that addressed their specific needs and concerns.”³¹² Burkins described how, in 2008, he was confident that he would see a wave of additional black news sites. “Eight years later,” he observed, “that wave is yet to form.”³¹³

Across the board, ethnic and minority media outlets report similar struggles. A 2018 study found that the number of American Indian print media sources has shrunk dramatically in recent memory: from 700 media sources in 1998 to only 200 today.³¹⁴ The dearth of local Native American news is exacerbated by a lack of independence. Tribal governments own a significant majority of radio and press outlets, with corresponding challenges in those publications’ ability to speak truth to power.³¹⁵ A 2018 survey by the Native American Journalists Association found that 83 percent of respondents believed that Native press coverage of tribal government affairs was

“People don't feel well represented by the ethnic press, which once used to be a pillar of the community but is now underfunded, and don't feel well represented by the so-called mainstream press because they never covered their neighborhood,” says journalist Farai Chideya.

sometimes, frequently, or always censored.”³¹⁶

A legacy of Native exclusion from the national press underlie these challenges. “Native Americans suffer from chronic misrepresentation and erasure by an established press, which continually fails to acknowledge the Indigenous timeline,” Jenni Monet, a journalist and Pueblo of Laguna citizen, wrote in a March 2019 piece for *CJR*. “This crisis—a word not used enough to describe Native Americans’ efforts against invisibility—is stoked by the stark absence of Indigenous journalists in newsrooms and further complicated by an Indigenous media largely owned by tribal governments and entities.”³¹⁷

Native journalist Nick Martin offered a similarly bleak assessment: “Depending on who you talk to, the non-Indigenous crowd’s coverage of Indian Country issues is either stagnating or improving too slowly. But no one who regularly covers Native issues will claim that the major publications are doing a good job. It’s not because they’re not trying to cover our issues; it’s because they’re trying to cover Indian Country without the journalists that call that place home.”³¹⁸

The absence of indigenous journalists in larger newsrooms means that when Native outlets weaken or fail, many of the stories they would have reported are not picked up by other outlets. This is true more broadly. Ford Foundation’s Farai Chideya notes that with the decline of ethnic media, “mainstream news hasn’t actually stepped up to cover those communities. And so now we’re in this phase where people don’t feel well represented by the ethnic press, which

once used to be a pillar of the community but is now underfunded, and don't feel well represented by the so-called mainstream press because they never covered their neighborhood."³¹⁹

For non-English-language media, the distance from the national press can be even greater. The concentration of national media ownership and management in the hands of a relatively homogenous group has meant that many mainstream journalists are not sufficiently aware of their non-anglophone colleagues' work. Sandy Close, founder of Ethnic Media Services, attributes such myopia to "parochialism," an inability to "imagine a parallel universe that doesn't happen to be in English but serves the Vietnamese community of Orange County, that serves the Russian community of Los Angeles, that serves the Iranian Farsi-speaking, and Chinese-speaking [community]."³²⁰

Despite its invisibility to native English speakers, non-English-language media is an integral part of the information ecosystem for millions of Americans. One of the few bright spots in the local news landscape is the growth of Spanish-language outlets. For example, Univision, the nation's largest Spanish-language broadcaster, is partnering with local TV news stations to expand local Hispanic news.³²¹

But data on local Latino media is sparse. "There's a bias in mainstream media analysis of the local landscape," says Graceila Mochkofsy, director of bilingual Spanish-language journalism at the Craig Newmark Graduate School of Journalism at CUNY, in a May 2019 interview. "It almost never includes minority media as part of that conversation."³²²

To help bridge the data gap, in June 2019 the Newmark School launched a data-mapping project under the rubric "The State of the Latino News Media." It identified 624 Latino news outlets, most of them Spanish-language, that serve a potential audience of almost 59 million people.³²³ "The focus of news is mainly local," the initiative found, "with most small and medium-size outlets offering local

and hyperlocal coverage of Latino communities. Even the large national TV networks are strengthening their focus on local news, which they produce in their dozens of local stations and affiliates." The researchers also found that while the majority of Latino news outlets are Latino-owned, the two largest by far—Univision and Telemundo—are owned by non-Latino behemoths.³²⁴ When the Newmark researchers surveyed Latino media professionals, they found that sustainability and lack of resources were the group's top two concerns.³²⁵

Conclusion

For generations, U.S. media has been excluding people of color, rural communities, and the poor from their boardrooms, their newsrooms, and their coverage. Compounding this systemic inequity, the media's traditional advertising-based business model predominantly serves audiences with high perceived buying power, ignoring the stories and concerns of those with less disposable income. Even absent today's broad local news crisis, there is a strong moral case to be made for addressing these long-standing inequities.

These inequities exacerbate, and are exacerbated by, the current crisis. Ethnic media outlets face the same market pressures and shifting market dynamics as other local news organizations—compounded by a long history of struggle and by scarcer resources to dig themselves out. Further, news deserts are persisting most significantly across communities that are poorer, older, more rural, and less educated. National media only rarely tell these communities' stories, and when they attempt to do so they often fail to bring the care and insight that local journalists can offer. Ultimately, the consequences of these untold stories are felt on a national level.

When considering how to develop local news ecosystems, no proffered solution will be complete if it does not attempt to seriously grapple with imbalances in media access and representation.



Case Study

View from Detroit

Martina Guzmán



MARTINA GUZMÁN is an award-winning journalist and documentary filmmaker from Detroit. She is currently the Damon J. Keith Race and Justice Journalism Fellow at the Damon J. Keith Center for Civil Rights at Wayne State University.

ON APRIL 23, 2019, the HBO program *Real Sports with Bryant Gumbel* aired an exposé on Detroit's Little Caesars Arena.³²⁶ The segment brought renewed attention to the arena's owners, the billionaire Ilitch family, who also own the Little Caesars pizza chain, the Detroit Tigers, the Detroit Red Wings, and Olympia Entertainment. Five years earlier, the family had brokered a deal with the city that redirected \$324 million in state tax funds, meant in part for Detroit Public Schools, to build a sports stadium in downtown Detroit.³²⁷ In addition to the state subsidies, the city had transferred land assessed at approximately \$2.9 million to the Downtown Development Authority, a partner in the arena deal, at a cost of \$1.³²⁸

Olympia Entertainment promised Detroiters that, in exchange for the money earmarked for the city's schoolchildren, a majority of whom are black and live below the poverty line,³²⁹ it would build a development called the District Detroit, creating five new neighborhoods with a footprint of fifty city blocks of land in downtown Detroit, replete with residences, retail, and entertainment.³³⁰

Five years after the initial announcement, the District Detroit has yet to be built. The downtown area that was supposed to sprout housing and upscale neighborhoods now hosts 27 surface parking lots.³³¹

While local news covered the deal extensively at the time it was struck, that coverage, especially by legacy outlets, was largely uncritical. An independent data analysis conducted for the Detroit Equity Action Lab at Wayne State University, which examined more than 200 articles about the new arena published from 2013 to 2015, revealed that 80 percent of the stories by the city's major papers and TV stations—the *Detroit Free Press*, *The Detroit News*, Click on Detroit, *Crain's Detroit Business*, Michigan Radio,

WDET, WXYZ, and Fox 2 News—had a pro-development slant, framing the deal as positive and offering little or no critical analysis. By contrast, articles from newer or alternative outlets with less reach—*Bridge Magazine*, *Detroit Metro Times*, and *Motor City Muckraker*—were more numerous, and only 3.6 percent were pro-development.³³²

Kirk Pinho, a reporter for *Crain's Detroit Business* who had been writing about the arena deal from the beginning, admits that if he could do it all over again, he would do it differently. "I probably could have been more critical, that's for sure," Pinho says. "It could have been covered more comprehensively early on."³³³

After *Real Sports* aired its damning piece on the arena, every major Detroit newspaper and local television station followed up and started raising questions. Just a few miles from the arena, in the rapidly gentrifying North End neighborhood, William Copeland, the justice director at the East Michigan Environmental Action Council, read one of those follow-ups and shook his head in disbelief. "The justice community had been raising the alarm on Little Caesars Arena as soon as the plans were made public," he says. "There are Detroiters who predicted this. We saw it coming. We raised opposition."³³⁴

Copeland adds that journalists covering public meetings at the time seemed uninterested in activists' concerns and did not pursue those leads. "Grassroots initiatives are underreported, not reported, or misrepresented," he says. "More people want to combat the injustices they see, but the lens of the grassroots activity going on is so often missing."³³⁵

Copeland's observations are echoed in a 2010 study from the University of North Carolina (UNC) that examined 11 major daily newspapers in North Carolina and found that "local media favor professional and formalized groups that employ routine advocacy tactics" and that they



Construction of Detroit's Little Caesar's Arena.

“work on issues that overlap with newspapers’ focus on local economic growth and well-being.” By contrast, the study found, “groups that are confrontational, volunteer-led, or advocate on behalf of novel issues do not garner as much attention in local media outlets.”³³⁶

When established local media outlets overlook volunteer and community-led efforts, they miss out on important stories. “I don’t think the Detroit media did its job vetting the details of the deal,” says Aaron Mondry, the editor of Curbed Detroit, a digital outlet focused on Detroit street life, housing, and development. “It’s a generally known fact that sports stadiums are not good investments.” Mondry points out that the inadequate coverage has repercussions far beyond this one project. “If the media isn’t doing its due diligence on some of the biggest development projects in the city,” he says, “then residents should be skeptical of everything journalists produce. If we missed that, then what else are we missing, what else are we not looking into?”³³⁷

THE FAILURE OF DETROIT’S legacy media outlets to investigate the arena deal more critically when it was first brokered exposes an uncomfortable truth: there are communities across the country whose critical information needs have gone unmet for much longer and in

subtler ways than the recent local news crisis would suggest.

Unlike many U.S. cities today, Detroit still has multiple media outlets: two major daily newspapers (the *Detroit Free Press* and *The Detroit News*), local and regional public radio stations (WDET and Michigan Radio), a prominent Black newspaper (*The Michigan Chronicle*), several ethnic media outlets (*Latino Detroit*, *Detroit Jewish News*, etc.), an alternative weekly (*Detroit Metro Times*), and a monthly glossy magazine (*Hour Detroit*). Its commercial TV news operations include affiliates of Fox, NBC, ABC, and CBS. Numerous digital publications have also emerged in the past five years, among them Outlier Media, Tostada Magazine, Riverwise, Planet Detroit Newsletter, and Motor City Muckraker—each with a staff of just four or fewer people.³³⁸

And yet Detroit newsrooms are facing many of the same challenges as the rest of the journalism industry, with shrinking staff, faithless corporate ownership, and tumbling ad revenue stemming from both sharp declines in local retail and the siphoning of ads and eyeballs by tech companies such as Craigslist, Facebook, and Google.³³⁹ Legacy newspapers, in particular, have shrunk considerably. The *Detroit Free Press* had 350 journalists on staff in 1995 and has just 120 today.³⁴⁰ The *Free Press* and *The Detroit News* now deliver just three print editions a week (including



a Sunday edition published jointly to cut costs).³⁴¹ In August, Gatehouse Media, a mega-newspaper chain not known for prizing serious watchdog journalism, announced that it would acquire Gannett, the mega-chain that owns the *Free Press*, setting the stage for further staff cuts.³⁴² These economic pressures add to the challenge of providing deep, comprehensive local news—especially needed in a city that in 2013 filed for the largest municipal bankruptcy in American history.³⁴³

Kimberly Hayes Taylor, a features reporter at *The Detroit News* from 2002 to 2009, witnessed multiple rounds of buyouts and layoffs. “By the time I left, I would say at least two or three dozen people, newsroom-wide, had already left,” she says. “We’re talking about in business, in sports, and on the city desk and features. There are not as many photographers left.” What remains, she says, is “a shoestring, compared to what used to be a whole boot.”³⁴⁴

Community papers are proving to be even more vulnerable. After nearly 30 years, the *Michigan Citizen*, a weekly that reported on civil rights, police brutality, and questionable development deals from the perspective of the state’s black community, closed in 2014.³⁴⁵ At its height, the paper had a dedicated following and a circulation of 56,000.³⁴⁶ But once ad revenue began to drop, says Teresa Kelly, its co-founder and former publisher, “business just wasn’t the same,” and “we were always on the edge.” For Kelly, who started the paper with her husband and later passed the reins to her daughter, the paper’s closing was a loss to more than just her family. “To have a healthy community, you have to have an informed community,” she says. “People have to know what’s going on, and what’s going to affect them.”³⁴⁷

The growing local news crisis is exacerbating inequalities that have historically plagued the wider news industry—many of which are playing out in Detroit. While the city’s population is more than 80 percent black, the *Detroit Free Press* is only 16 percent minority-staffed and the *Detroit News* is only 17 percent minority-staffed.³⁴⁸ And research suggests that there are multiple communities in Detroit that feel their

stories are being overlooked and their concerns neglected.

When the Community Foundation for Southeast Michigan launched the Detroit Journalism Engagement Fund, it conducted a study that concluded that “across platforms—whether print, digital, television, or radio—there was reported a sense that Detroit’s most critical news stories are under-covered. There was concern that most Detroit narratives are not being told—that coverage disproportionately skews toward the revitalization of midtown and downtown Detroit at the expense of the rest of the city and of the full diversity of its population, especially the African-American community.”³⁴⁹

That neglect, the study found, feeds “a lack of trust between many Detroit citizens and the media institutions that cover, or fail to cover them. Indeed, this lack of trust was described across racial and ethnic lines as an even greater barrier than the need for enhanced resources.”³⁵⁰

In her decades at *The Michigan Citizen*, Teresa Kelly found that the distrust was mutual—the media didn’t trust Detroiters, either. “The assumption is that media people know what’s good and that community folks are ‘obstructionists,’ she says. “It’s racism. Pure, simple, unadulterated, un-discussed, un-dealt-with racism.”³⁵¹

Investigative journalist Steve Neavling of *Detroit Metro Times* believes that much of journalists’ inattention stems from fear. “Reporters have a real anxiety of going into neighborhoods,” he says. “They are afraid of Detroiters.”

Neavling says that after five years of covering the city hall beat for the *Detroit Free Press*, he grew disillusioned. The paper “wanted quick-hit stories,” he says, and was reluctant to let reporters “dive into real issues that affect Detroiters.” He recalls efforts by editors to include “diverse” voices that he viewed as disingenuous, after the fact, and lacking in nuance. They “would have reporters go to places like barbershops, as though Detroiters only hang out in barbershops and churches,” Neavling says. “Reporters would go to barbershops and get a quote and sprinkle it in the story as an afterthought, but not use the perspective of Detroiters to frame and shape the story.”³⁵²

“By the time I left, I would say at least two or three dozen people, newsroom-wide, had already left,” says Kimberly Hayes Taylor, a features reporter at The Detroit News. “We’re talking about in business, in sports, and on the city desk and features.” What remains, she says, is “a shoestring, compared to what used to be a whole boot.”

Candice Fortman, a lifelong Detroit resident and chief of operations at Outlier Media, says that reporters ignore certain neighborhoods “because they don’t live in those communities, they don’t worship in those communities, and they don’t shop in those communities.” Not reporting in communities fuels distrust and “makes their news seem alternative, as though it is some other place.”³⁵³

Fortman has worked in media for 10 years and spends her days thinking up ways to reach residents who have turned away from traditional news outlets. While she says she’s protective of the way people talk about the news industry, she also admits that journalists and editors are quick to dismiss legitimate criticism: “We decide the people who are criticizing us aren’t important enough to be critical,” she says. “They’re not smart enough. They’re not degreed enough. They’re not all these things that we place false value on, so we don’t listen to them. But those are our consumers. Those are the people who are not subscribing to us, who are not becoming members, who aren’t listening to our podcasts, who aren’t getting our newsletters. You can’t treat them like others and then ask them to be supporters.”³⁵⁴

As Detroit has shifted from bankruptcy to partial recovery, many residents lament that establishment news media has often failed to report critically on the facts and perspectives of the city’s poor and its African-American communities, on issues ranging from water shutoffs, to redevelopment, to the bankruptcy itself. There is a sense that legacy media has consistently missed opportunities to expose corruption, greed, and unfairness in favor of narratives that reflect the concerns of the city’s government, real estate developers, foundations, and other established institutions.

ONE OF THE MOST CONTENTIOUS issues in recent years has been the city’s water shutoffs. In 2013, the Detroit Water and Sewerage Department (DWSD) began pursuing a strategy of cutting off service to collect on overdue payments and, in the spring of 2014, ramped up a campaign of mass shutoffs that reportedly affected 112,000 Detroit homes between 2014 and 2018.³⁵⁵

Given the potentially severe consequences—especially to the health of young children and pregnant women³⁵⁶—the sparse and largely uncritical coverage was particularly egregious. There was little, if any, coverage in all of 2013.³⁵⁷ An article published in *The Detroit News* in March 2014 seems to be one of the earliest, offering an uncritical report of DWSD’s announcement of the shutoffs and quoting government officials, without offering community perspectives.³⁵⁸ Local TV news gave the issue some coverage in April 2014.³⁵⁹

At first, says Monica Lewis-Patrick, president of We the People of Detroit, those protesting the shutoff policy “got pushback from the media that we were just a few wayward activists who didn’t understand what was happening.”³⁶⁰ It was not until Lewis-Patrick and other Detroit activists turned to the United Nations in an effort to bring attention to the shutoffs,³⁶¹ when the issue started receiving international attention, that coverage from established local outlets in Detroit picked up.³⁶² The UN issued a statement saying, “Disconnection of water services because of failure to pay due to lack of means constitutes a violation of the human right to water and other international human rights.”³⁶³ Lewis-Patrick recalls: “After the UN rapporteurs came, we got a national boost for a couple of weeks.”³⁶⁴

Even then, water activist Sylvia Orduño felt that some local media outlets showed more interest in the UN rapporteurs’ visit than the policy’s impact. “We wanted media to cover the scale and scope of the shutoffs,” she says, “the disproportionate impact on vulnerable populations, on people of color.”³⁶⁵

In a city where nearly 38 percent of residents live below the poverty line,³⁶⁶ where water bills reportedly run almost twice the national average, and where a bill could eat up more than 10 percent of a household’s income,³⁶⁷ few established media outlets considered the issue of water affordability. Every single time that we wanted to get the media to cover an issue,” Orduño says, “they would only do it if we would give them the contact of a person whose water was shut off so that they could go and talk to that family. But



Detroit residents protest water shutoffs.

the thing is it never gets at the root of the problem. And so we got tired of participating in this exposure of families.”³⁶⁸

Some reporters seemed to adopt the DWSD’s narrative that the water crisis was the fault of irresponsible residents. On a live MSNBC show in July 2014, Detroit reporter Hank Winchester of Local 4 WDIV stated, “People simply don’t want to pay the water bill and would rather spend money on cable.”³⁶⁹

Such claims provoked widespread outrage. “The water struggle in Detroit wasn’t really perceived as a water struggle,” says Tawana Petty, director of data justice programming for the Detroit Community Technology Project. “It was being perceived as a bunch of Detroiters who just didn’t want to pay their bills. If a root cause analysis was done, then we would understand that folks were paying high percentages in water and sewage rates that were not affordable relative to their take-home income.”³⁷⁰

Distrust in local established media among communities of color had been years in the making, but the lack of critical coverage of the water shutoffs caused trust to deteriorate further. In its wake, Orduño says, “we decided we weren’t going to bother so much with the local media anymore.”³⁷¹

REBUILDING TRUST WILL TAKE substantial effort. In early 2019, the Knight Commission on Trust, Media and Democracy released a report, *Crisis in Democracy: Renewing Trust in America*, that prioritizes diversity and equitable representation as one of its key recommendations: “News organizations should adopt recruitment, hiring and retention practices that increase diversity of staff, and even of owners,” the report advises. “Newsrooms should develop mentoring and training programs that can help enlist, retain and promote more women and journalists of color at all levels. And they need to include other underrepresented groups, such as underrepresented geographical and political groups, so that the reporting they produce reflects the entire community.”³⁷²

Vincent McCraw, a former breaking-news digital editor and producer at *The Detroit News* and current president of the Detroit Chapter of the National Association of Black Journalists, spent years pleading with editors to hire more journalists of color. “You have to make the effort,” he says. “I get that because of the buyouts and the layoffs that resources are stretched, but you have to make more of a commitment even in these challenging times.”³⁷³

The current editor of the *Detroit Free Press*, Peter Bhatia, who took over in 2017 and back in 2009 became the first journalist of South Asian descent to lead a major daily,³⁷⁴ says that he is taking concrete measures to address diversity and inclusion. “We have a new initiative we’ll be launching later this year,” he says, “sort of a listening tour to try to connect better with communities that perhaps has slipped some in recent years.”³⁷⁵

“Do we satisfy every community?” Bhatia continues. “I don’t think that we probably do. But we’re out there doing everything that we can all the time with the resources that we have to bring home the story of Detroit for the people who live here and for the people who care about Detroit.”³⁷⁶

IN THE MEANTIME, smaller outlets are stepping into the breach.

Launched in 2016, Outlier Media

"I wanted to provide information not about low-income families but for low-income families," says Outlier founder Sarah Alvarez. "Most of the news that's produced in Detroit is actually produced for residents who live outside of Detroit, suburban news consumers—people with more money to spend."



Residents in downtown Detroit protest pervasive water shutoffs, which began in 2013 and continue today.

focuses on issues important to low-income families. "I wanted to provide information not *about* low-income families but *for* low-income families," says founder Sarah Alvarez, a former civil rights attorney turned public radio journalist. "Most of the news that's produced in Detroit is actually produced for residents who live outside of Detroit, suburban news consumers—people with more money to spend."³⁷⁷

Outlier used data collected from United Way's 211 helpline to pinpoint the information that Detroiters needed most. It identified housing and utilities as top priorities, then built a database, accessible from mobile phones, to provide critical information at the hyperlocal level.³⁷⁸ "There are information gaps, and there are also accountability gaps," Alvarez says. "Without good information on what should be happening and who is supposed to do it, residents don't have the ability to hold their public officials accountable."³⁷⁹

One way that Alvarez tries to bridge the information and accountability gaps is through hiring. At Outlier, the entire staff is composed of women of color who live in Detroit. "You just need to be incredibly intentional about who you hire," Alvarez says, "and you also have to understand the

value of living where you work. I think that I am much better able to serve my community as a journalist by being part of it."³⁸⁰

In 2017 Serena Maria Daniels, recently laid off as a breaking news reporter at *The Detroit News*, started *Tostada Magazine*, an independent digital publication founded on the premise that food journalism has the power to unify communities and preserve culture. She quickly saw that she was filling a niche. "When I founded *Tostada Magazine* and started writing about Southwest Detroit and about Latino communities," she says, "the response was immediate. People were starved for content that accurately reflected the community that wasn't a story about victimization or criminalization."³⁸¹

Daniels says that Southwest Detroit's sizable Mexican community is largely invisible to established media outlets. "The only instances that I ever heard about the Latino community was with regard to immigration stories," she says. "Maybe the occasional Cinco de Mayo story. But by and large, I don't see the Latino community really being represented in legacy media."³⁸² Now in its third year, *Tostada* has grown enough to allow Daniels to continuously hire freelance journalists of color to write stories about food in their communities.

But niche digital-native startups like *Tostada* and *Outlier*, both of which operate on micro-budgets, can't come close to solving the systemic, intractable, nationwide challenges of local news, as Alvarez well knows. "We don't have the answer to the news business' sustainability problem," she says. "Instead we're honest about what we're hoping to build, and we don't try to raise more money than we know we can use. That means we spend a lot of time very close to being broke, as an organization."³⁸³ Nor does she see *Outlier* "as a replacement to legacy media, but more as an intervention. We don't have a ton of resources, this is a very difficult industry, so we do the most with our limited resources."³⁸⁴ But until the powers that be can figure out a new business model that doesn't depend on vanished advertisers and feckless owners, these innovative outlets are working hard to improve the lives of Detroiters.



INDUSTRY ADAPTATION & INNOVATION

Across the country, news outlets are adapting and innovating in an effort to find pathways to financial viability. Several outlets have benefitted from deep investment in staffing and systems by new billionaire owners. Others are partnering with foundations, nonprofits, and community groups to pursue new revenue streams, pool skills and resources, and rebuild audiences by being more attuned to their needs. While no single approach provides a comprehensive solution, many of these initiatives show promise, pointing the way to potentially more resilient models of local journalism.

Experimenting with alternative revenue streams

Although advertising remains the primary source of revenue for commercial media outlets, as ad revenues shrink, those outlets are on a quest for alternative sources, including audience-based revenue, sponsorship, and myriad side projects (events, consulting, printing, merchandise, etc.).³⁸⁵ Among these, audience-based revenue—through digital subscriptions and memberships—is emerging as an especially promising avenue.³⁸⁶

Subscriptions and paywalls

The most common approach to generating audience-based revenue is the paywall, which requires readers to purchase digital subscriptions to gain access to content.³⁸⁷ In recent years, *The New York Times*, *The Washington Post*, and *The Wall Street Journal* have led the way in implementing paywalls to exponentially expand their paying digital audience.³⁸⁸ At *The Boston Globe*, digital revenue is reportedly now sufficient to cover staffing,³⁸⁹ and the *Los Angeles Times* has increased digital subscriptions, to 150,000 since 2018 (though gains fell short of its goals).³⁹⁰ It is important to note, however, that all five of these outlets are nationally known, with audiences extending well beyond their home cities. Additionally, all five are owned by either individual billionaires or family media dynasties—owners with the resources to invest in the staffing and software that are a prerequisite for a major pivot to an audience-based revenue model.

There is skepticism as to whether local outlets—which operate at a fraction of the resources the *Times* or the *Post* can muster—can also shift to a sustainable model based on digital subscriptions. “I

“I don’t think people’s subscription dollars ever paid for local news,” says Elizabeth Green of Chalkbeat. “They were only a small part of it. Digital subscriptions are working really nicely for some national publications, but they don’t have local legs as a sole source of revenue.”

don’t think people’s subscription dollars ever paid for local news,” says Elizabeth Green cofounder and CEO of Chalkbeat. “They were only a small part of it. Digital subscriptions are working really nicely for some national publications, but they don’t have local legs as a sole source of revenue.”³⁹¹

Still, there is reason for optimism over the long term. A project at Northwestern University’s Medill School of Journalism found that subscribers’ frequency of consuming local news is the single best predictor of whether or not they will continue as subscribers—more than the number of stories they read or the time spent reading them. Tim Franklin, director of Medill’s Local News Initiative, argues that these findings show the promise of the subscription model: “I actually think this is a healthier business model for local news organizations than the current reliance on what is a declining share of advertising revenue. There will be less focus on viral, one-and-done, clickbait-type stories and headlines and more attention on building a long-term relationship with a core cohort of paying subscribers.”³⁹²

Shifting to a digital-subscription model and cultivating and retaining subscribers requires time and long-term investment. One important question is whether local news outlets have the resources to pivot quickly enough to survive. The *Minneapolis Star Tribune*, *The Philadelphia Inquirer*, and *The Seattle Times* have all successfully increased digital subscriptions. Yet these papers are much larger than the average local outlet, and the *Tribune* and the *Inquirer* not only serve big cities, but are also owned

by billionaires willing to invest substantially in laying the groundwork for more growth.³⁹³ And even these success stories have further to go: *The Seattle Times* needs to more than double its digital subscription base to cover its staffing costs, and the *Minneapolis Star Tribune* needs to triple it.³⁹⁴

Smaller-market successes do exist. *The Post and Courier*, in Charleston, South Carolina, managed to increase its digital subscriptions by 250 percent in just two years. Again, a committed local owner was a critical part of the equation.³⁹⁵ Perhaps more encouraging still, a small local paper, *The News Reporter*, in Whiteville, North Carolina, managed to increase digital subscription revenue by 493 percent in just a year.³⁹⁶

Both *The Post and Courier* and *The News Reporter* have been working with an accelerator, Table Stakes.³⁹⁷ Borrowed from the private sector and funded primarily by foundations and tech giants, accelerators provide immersive education, expertise, technical resources, and connections, including with investors to help news outlets diversify their revenue streams.³⁹⁸

Memberships

Distinct from subscriptions, memberships offer an emerging alternative. While some memberships are merely thinly disguised subscriptions, the more promising and innovative examples, rather than being purely transactional, are rooted in “a social contract between journalists and members,” according to the Membership Puzzle Project, a research initiative focused on studying and advancing the model.³⁹⁹ Membership can provide an opportunity for readers to financially support organizations they value financially, as well as to offer their time, networks, or professional skills, in exchange for access to special content and direct engagement with news producers.⁴⁰⁰ Done right, membership represents an attempt to shift from a consumer-based to a relationship-based model, often necessitating a cultural shift within news outlets that emphasizes deeper interactions with readers.⁴⁰¹

Yet national statistics indicate that switching to a subscription or membership model remains a challenge at the local level. Only 16 percent of Americans say they pay for any online news.⁴⁰² Of those who do, most digital subscribers pay for large national publications like *The New York Times*, *The Wall Street Journal*, or *The Washington Post*, as opposed to local news.⁴⁰³ As Joshua Benton, director of Nieman Lab, explained in a recent tweet: “There just aren’t that many people who really crave quality Houston news who don’t live in or near Houston. But there are lots of people who live nowhere near NYC/DC who want what the NYT/WP are offering.”⁴⁰⁴ Compounding

these challenges is the issue of fragmentation, especially with the rise of issue-specific and hyperlocal websites, requiring potential readers to subscribe to multiple distinct outlets, each with its own focus and distribution channels.

Sponsorship

Another growing alternative revenue stream is nontraditional corporate sponsorship, essentially a form of advertising.⁴⁰⁵ Variations of this type of sponsorship have existed for decades (often called advertorials or, more recently, native advertising), but they have become increasingly common over the past 10 years. A 2016 survey of local independent news publishers found that over half are now selling sponsored content.⁴⁰⁶ As sponsorships become more common, however, they raise ethical issues for news outlets that traditionally shield their editorial work from corporate influence.

While alternative revenue streams offer ways for local outlets to reduce their reliance on traditional advertising, it remains unclear whether they can sustainably support healthy local news ecosystems at scale.

Investments from "Benevolent Billionaires"

In recent years, several billionaires have purchased struggling newsrooms, largely focusing on major metropolitan papers with some national reach. In 2013 Boston Red Sox owners John and Linda Henry bought *The Boston Globe*, and Jeff Bezos, the founder and CEO of Amazon, bought *The Washington Post*. In 2014 Glen Taylor, a former state senator who also owns two professional basketball teams, purchased the *Minneapolis Star Tribune*, and in 2018 surgeon and biotech inventor Patrick Soon-Shiong bought the *Los Angeles Times* and *The San Diego Union-Tribune* as well as several community papers.⁴⁰⁷

Each of these newspapers has benefitted from the deep resources its new owners have invested to stem the tide of layoffs, buyouts, and property sales. But it is not clear how reliable or sustainable the “benevolent billionaire” model is. “Just because Jeff Bezos did it at *The Washington Post* doesn’t mean that it’s going to happen in every other major metropolitan region,” says Elizabeth Green, cofounder and board chair of the American Journalism Project. “And even when it does happen in a major metropolitan region, I don’t think that’s the right structure. We can’t rely on individuals to be stewards for these core institutions of democracy, especially at the local level.”⁴⁰⁸

And although Bezos and others have been praised for their commitments to editorial independence,⁴⁰⁹ there’s an inherent risk when the owner of a paper is also the CEO of a powerful corporation, and when that corporation frequently makes news. A recent



example in Las Vegas demonstrates the potential pitfalls. Since casino magnate Sheldon Adelson bought the *Las Vegas Review-Journal* in 2015, tensions have reportedly erupted repeatedly, including over an incident in 2016 when a *Review-Journal* editor ordered deep cuts to a print article about a lawsuit against Adelson. Within six months of Adelson's purchase, over a dozen staff had left, had been fired, or were considering leaving.⁴¹⁰

The rise of the nonprofit model

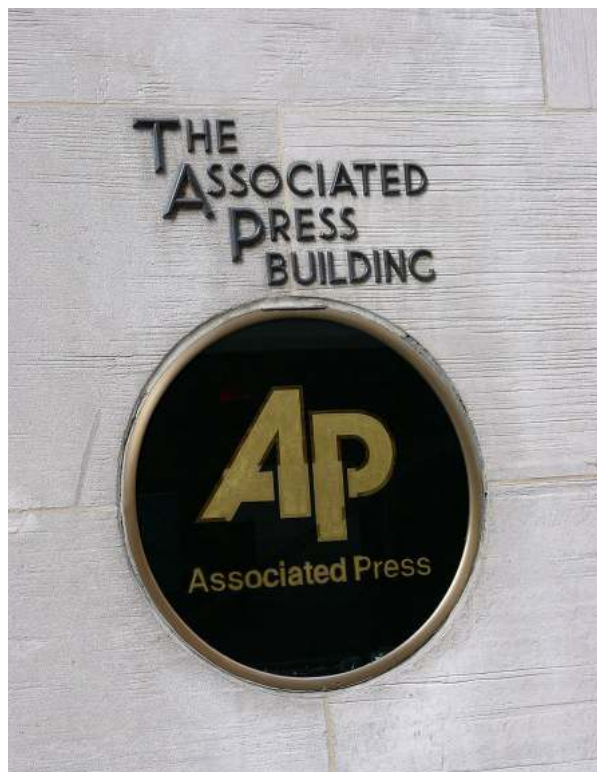
An influx of philanthropic funding, coupled with the strain on for-profit media, is leading to a shift toward the nonprofit model.

Several for-profit newsrooms, including *The Boston Globe* and *The Seattle Times*, have experimented with crowdfunding or partnering with foundations to raise money for specific investigative projects or beats.⁴¹¹ "This is not going to save journalism," said Sharon Chan, formerly *The Seattle Times*' VP of innovation, product, and development and now at *The New York Times*, but it will "allow us to do in-depth journalism that serves the public" that "we wouldn't otherwise be able to do."⁴¹²

Above all, though, swelling philanthropic funding has led to the explosive growth of nonprofit news outlets. The model is not new—the Associated Press was founded as the first news cooperative in 1846, and several prominent nonprofits have dominated the field for decades, among them the Center for Investigative Reporting (founded in 1969) and the Center for Public Integrity (founded in 1989). Today, however, there are over 230 nonprofit newsrooms in the United States, three-quarters of which have launched since 2008.⁴¹³ Collectively, they employed over 3,000 people (two-thirds of them journalists) and generated \$450 million in revenue in 2018.⁴¹⁴

And while nonprofits continue to rely primarily on foundation funding, they are working hard to diversify their revenue streams. According to the Institute of Nonprofit News, 2018 marked the first year that foundation funding represented less than 50 percent of nonprofit newsroom revenue, with individuals and families donating nearly 40 percent.⁴¹⁵

Critically, nonprofit outlets are helping to fill the growing gaps left by the local news crisis, with over 63 percent focused on local, state, or regional coverage.⁴¹⁶ The primary emphasis of most nonprofit newsrooms (over 80 percent) is on investigative, explanatory, and analytical reporting. Seventy-eight percent have at least one investigative reporter on staff, 70 percent have filed tens of thousands of public record requests collectively, and 44 percent have created databases for public use.⁴¹⁷ They are also winning awards: From 2017 to 2019, a quarter of



The Associated Press was founded as the first news cooperative in 1846. Today, there are over 230 nonprofit newsrooms in the United States.

the stories nominated for the prestigious Goldsmith Investigative Reporting Prize have been produced by nonprofit news outlets.⁴¹⁸ Last year, over half of the recipients of the Online News Association awards were nonprofits.⁴¹⁹

In a powerful illustration of the extent of the local news crisis and the benefits of nonprofit status, several prominent commercial media outlets are attempting to transition to nonprofits. In January of 2016, for example, investor Gerry Lenfest "donated" *The Philadelphia Inquirer*, which he had recently purchased, to the nonprofit Philadelphia Foundation, essentially transforming the paper into a nonprofit with the stroke of a pen.⁴²⁰ In 2019, Paul Huntsman, the billionaire owner of the 148-year-old *Salt Lake Tribune*, announced that he was seeking IRS approval to re-classify the outlet from for-profit to non-profit.⁴²¹

Collaboration: pooling resources and filling staffing gaps

Local-local partnerships

Traditionally news outlets in the same city, state, or region have competed for readers, subscribers, and advertisers. Today outlets are joining forces to save money, expand capacity, and pool resources.

One collaborative model, run through the Center for Cooperative Media (CCM) at Montclair State University, is the New Jersey News Commons (NJNC), a network of more than 50 freelancers and 215 publications across the state.⁴²² Publishers within and beyond the network have collaborated on several groundbreaking investigative projects, including “Dirty Little Secrets,” a series of stories on environmental contamination; “In the Shadow of Liberty,” a year-long reporting project on the immigrant experience in NJ; and “Voting Block,” a collaboration between local news outlets and their communities to cover the 2017 gubernatorial election.⁴²³

Dozens of other collaborative projects have arisen across the country. Twenty-one newsrooms joined forces in Texas to purchase voter registration and voting history records from the state that individual outlets could not afford on their own.⁴²⁴ Six Florida news outlets pooled resources to cover the impact of climate change across their state.⁴²⁵ According to the CCM, which spotlights news-gathering collaborations and runs NJ News Commons,⁴²⁶ a collaborative model can encompass “reporting projects, partnering on audience engagement efforts, co-collecting and sharing data, or even teaming up to build technology that supports multiple organizations working toward a shared journalistic goal.”⁴²⁷

Collaboration between outlets is a response to consolidation, which has only exacerbated the crisis. When, for example, *The Denver Post* combined many functions with the rival *Rocky Mountain News*, few Denverites saw this as a hopeful sign (see View from Denver on page 49). By contrast, Sarah Stonbely, research director for the CCM, told PEN America, collaboration offers cost savings with “a very different impulse and impetus,” often resulting in “greater story quality and a greater diversity of stories.”⁴²⁸ With collaboration, the whole is often greater than the sum of its parts, allowing news outlets to keep their independence while driving down the cost of reporting—especially high-quality, expensive investigative journalism.

Local-national partnerships

Local and national news outlets are also collaborating. ProPublica, a national nonprofit, has led the way with its Local Reporting Network, which partners with over 20 newsrooms.⁴²⁹ Since the project started, in 2018, it has already exposed injustice and affected change in numerous jurisdictions.⁴³⁰ In Elkhart, Indiana, for example, ProPublica reporter Ken Armstrong and *South Bend Tribune* reporter Christian Sheckler collaborated to expose covered-up cases of misconduct and police brutality within the police department. As a result, the Elkhart police chief

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resigned and an independent investigation of the police department’s misconduct was conducted.⁴³¹

While not in itself a news outlet, Report for America collaborates with local publications to plug staffing gaps created by the local news crisis. Founded in 2017 as part of a wider nonprofit media organization, the initiative recruits and trains journalists and matches them with outlets for two-year placements—akin to Teach for America’s model connecting teachers with schools. Recruits work directly in local newsrooms.⁴³² “The number one goal is to get high-quality reporters in news organizations doing really important local reporting” in a “cost-effective way,” says Steven Waldman, the initiative’s co-founder and president, who helped the Clinton Administration start AmeriCorps, the national service program.⁴³³ Report for America placed 59 promising journalists in under-resourced local newsrooms across the country in 2019 and aims to fund over a thousand more by 2024.⁴³⁴ As the program ramps up, Waldman says, he plans to evaluate its impact by asking questions like: “Is the level of reporting growing? Did it lead to greater awareness? Did it lead to public policy changes? Did it lead to greater levels of trust?”⁴³⁵

Much of the challenge facing initiatives that plug staffing gaps, however, boils down to time. It takes time to build local relationships—with sources, which serve as a reporter’s lifeblood, and with communities, some of which have felt ignored and misrepresented by their local outlets.⁴³⁶ It remains to be seen if—against the backdrop of 33,000 lost newspaper newsroom jobs over the past decade—initiatives like ProPublica’s Local Reporting Network and Report



City Bureau Documenters, citizen journalists whose work directly informs the news outlet's reporting.

for America can succeed on the scale needed to compensate for these losses.⁴³⁷

Reimagining journalism

Engaging communities

Many outlets are taking the disruption wrought by the local news crisis as an opportunity to begin addressing historic breakdowns in trust with their communities. Initiatives that focus on better assessing community information needs, treating residents as active partners in the news production process, and more effectively embedding journalists into the populace are emerging throughout the country.

One particularly impressive example is Chicago's City Bureau, a nonprofit that is radically rethinking the local newsroom and engaging with communities to produce news in novel ways. City Bureau started in 2015 to serve as a pipeline for budding journalists from underrepresented communities by providing training and fellowships. Since then, its mission and mandate have rapidly expanded. Today, based in the South Side of Chicago, City Bureau runs what it calls a Public Newsroom, where residents can meet and express their views to journalists, ensuring that story ideas originate in or are informed by community input. The project also recruits, trains, and pays locals to serve as "documenters"—citizen journalists who: cover public meetings, court proceedings, and other newsworthy community events; spread that

information via social media; and inform City Bureau's own reporting. News stories created by City Bureau reporters are published in partnership with local and national publications.⁴³⁸

Rural communities are benefiting as well. The Media Seeds Project, led by professor and communications consultant Michelle Ferrier, focuses on counties in southeast Ohio that lack healthy news ecosystems.⁴³⁹ As Ferrier describes it, the aim of the work is to "focus on building our capacity for more and better news and information at the local level, but also developing new ways to connect with the people in our neighborhoods and catalyze civic responsibility into local solutions."⁴⁴⁰ The project customizes interventions to foster a healthy media ecosystem, based on a community-specific dynamics and needs. Once a community is assessed, the project applies a variety of community-based solutions—with an emphasis on deploying technology and digital approaches—to enhance the way information is shared and received.⁴⁴¹

Initiatives like City Bureau and Media Seeds serve as both much-needed correctives and as models for reimagining how journalism should serve local communities—roles that legacy media organizations can study and emulate. At the same time, most have small staffs and are facing the same financial uncertainties and stretched resources as the wider industry. Whether more engaged audiences translate into greater financial viability is not yet clear.⁴⁴²

Solutions journalism

With a “solutions journalism” approach, stories not only expose and analyze problems but also provide concrete examples of how people are working towards solutions.⁴⁴³ For news consumers, it bridges the gap between reading about issues and acting to alleviate them.⁴⁴⁴ Research on solutions journalism suggests that it can increase readers’ knowledge of issues, their connection to news outlets, their sense of efficacy, and their desire to get involved.⁴⁴⁵

Advanced by organizations like the Solutions Journalism Network, it can also help address the fatigue caused by negative news coverage. A 2019 study by the Reuters Institute showed that 41 percent of Americans say they avoid the news, and 43 percent think that “the media is often too negative.”⁴⁴⁶ According to a 2018 Pew Research Center survey, nearly 7 in 10 Americans report being “exhausted” by the news.⁴⁴⁷

“I think we need to have a conversation around fatigue from the consumer perspective as it relates to problem narratives,” says LaMonte Guillory, chief communications officer of LOR Foundation, which partnered with the Solutions Journalism Network to survey the news consumption habits of communities in the Mountain West. Guillory continues: “There’s no how-to guide for consumers on how to interact with media and journalism. We just assume that people know

what to do, and that’s not fair. Information fatigue puts consumers in a self-selection ecosystem, putting them on an information diet. They might be turning off useful information without even knowing it.”⁴⁴⁸

Conclusion

Industry adaptation and innovation are vitally important and clearly have the potential to help shape the future of the news industry. But while there is anecdotal evidence that these approaches hold promise, few have been formally evaluated on their ability to meet the critical information needs of their communities, to fill gaps in the local news ecosystem, and to reach financial sustainability. The industry’s attempts to adapt to new market realities have been truly impressive, but it’s important to acknowledge that none of these responses represent a systematic or structural solution.

Much of the debate over solutions has centered on whether for-profit outlets can find their own way out of the crisis. If local journalism is experiencing a market failure, there is a pressing need to look beyond the market for answers.⁴⁴⁹ To frame the dilemma another way: Can local journalism, as a sector, regain profitability through changes to its business model, or are more ambitious solutions required that reimagine local news ecosystems in the United States?



Case Study

View from Denver

Alan Prendergast



ALAN PRENDERGAST has written for *Rolling Stone*, the *Los Angeles Times*, *Outside*, *Westword*, and other publications and teaches journalism at Colorado College.

AS DENVER'S MUNICIPAL elections approach, Kevin Flynn, a candidate for city council, checks his email updates with a growing sense of unease. With less than a week to go, only 16 percent of the mail-in ballots have been received, and some analysts are forecasting a low turnout for a mayoral race that could have a profound impact on the city's future.⁴⁵⁰ "I've found that a lot of people are unaware that there's an election next week," Flynn says. "That's a problem."⁴⁵¹

A council member since 2015, Flynn is running for reelection unopposed. He's a popular figure in his district, with an unusual backstory, having spent 27 years as a reporter at the *Rocky Mountain News*, covering city politics and other beats, until the daily ceased operations in 2009. "Now I'm one of the bastards I used to write about," he jokes.⁴⁵²

But Flynn doesn't see anything funny about disaffected and ill-informed voters, or the decline in local news coverage his city has endured in recent years. In particular, he finds the paucity of old-fashioned watchdog journalism—the routine scrutiny of government operations and public officials—to be downright unnerving. "It feels like we could all be getting away with murder right now," he says. "I don't like it at all."⁴⁵³

Flynn's discomfort reflects a wider concern about the paradox that Denver has become, a burgeoning city with a muted media presence. With one of the most superheated economies in the nation,⁴⁵⁴ the population (now 716,492 and climbing) has grown by 100,000 over the past seven years, while the surrounding metro area has swelled from 2.5 million to 3.2 million since 2010.⁴⁵⁵ At the same time, local print journalism has been gutted, from the shuttering of the *Rocky* to the relentless layoffs and greatly diminished output of the town's remaining daily, *The Denver Post*.

The dilemma: So many stories emerging

from so much growth—controversies over neighborhood-altering new developments, spiking home prices, gentrification, a multibillion-dollar marijuana industry,⁴⁵⁶ new tech ventures, surging traffic, environmental degradation, communities displaced or left behind by the boom—and so few outlets with the resources to tell those stories.

Media abhors a vacuum, and one response has been the launch of several new digital outlets and collaborative ventures aiming to fill the gaps in local and regional coverage. Most of the start-ups boast business models that don't depend on advertising revenue, relying instead on a combination of philanthropic grants, private sponsors, and reader donations. But these efforts come with questions about their long-term sustainability, the degree to which they're reaching their intended audience, and whether that audience is large enough and willing to pay enough to keep the coverage coming.

Despite the unknowns, it's clear that a major shift in local news is underway. It can't come soon enough for those observers who believe that a robust local press is key to an informed citizenry. "I think it's a crisis worse than the deficit," says Dennis Gallagher, a former Denver councilman, city auditor, and state lawmaker who remains active in city politics, advising one of the challengers in this year's mayor's race. "Jefferson said that no nation can be ignorant and free, and it's true. The press—even though they gouge people on their death notices—I can forgive that if they inform people about what's going on in government. That's what keeps our country together."⁴⁵⁷

FOR MUCH OF ITS HISTORY, Denver was a vibrant two-daily town. In the 1960s and '70s, the *Rocky* was the scrappy morning tabloid, the *Post* the establishment afternoon broadsheet. At their peak in the 1990s, the two papers competed strenuously for

“There is a sense that journalists are not minding the store in Colorado like we used to,” says editor Chuck Plunkett.

readers and scoops, loudly promoted their prize-winning muckraking series, and sent fleets of reporters to cover every Denver Broncos Super Bowl appearance. The news war had many benefits for readers, including incredibly cheap subscription offers. The competition was good for democracy, too. As the circulation lead shifted back and forth several times in the 1980s and '90s, both sides ramped up their reporting not only in the traditionally covered urban core, but also in suburban communities, where many newly arrived readers lived. Neither paper could afford to ignore issues of wide public concern, from toxic mine waste killing Colorado rivers to nepotism in the city administration. The quest for the greatest possible readership also encouraged lively and diverse opinion pages, reflecting the region's changing demographics and evolving political perspectives.⁴⁵⁸

But the growing expense of the news war caught up with both papers. In 2000, after years of losses, the *Rocky's* owner, E.W. Scripps Company, agreed to combine business operations with the *Post*. The two dailies continued to operate this way for another nine years, maintaining a collective newsroom of 500 journalists. But in 2009, after failing to find a buyer for the *Rocky*, Scripps shut it down.⁴⁵⁹ Denver joined the growing ranks of major American cities with only one daily newspaper.

Supposedly poised to dominate the market, the *Post* struggled, too. The industry was trending downward; revenues were plummeting, thanks to the defection of classified advertisers to Craigslist and the decimation of local retailers by the Great Recession and online competitors. Modest gains in digital revenue couldn't begin to make up the print losses. In addition, the *Post's* parent company, MediaNews Group, had taken on nearly a billion dollars in debt in an effort to build one of the largest newspaper chains in the country.⁴⁶⁰

Less than a year after the *Rocky* folded, MediaNews faced a reckoning with its lenders in bankruptcy court. A privately held hedge fund, Alden Global Capital, emerged with a commanding share of the company. Under its new owners, the *Post* is reportedly more profitable now than

it has ever been—but those profits have come from drastically slashing staff, selling off assets, hiking subscription and ad rates, and moving most of the paper's operations from downtown to the suburbs. Alden's strategy, which has generated protests at MediaNews papers across the country, is known as “harvesting cash”—a vampiric process of sucking all the value out of a company while investing as little as possible to keep it alive.⁴⁶¹

In the spring of 2018, as the *Post* staff was bracing for another round of layoffs, editorial page editor Chuck Plunkett led a remarkable mutiny, publishing a package of articles calling for Alden to sell the *Post* before it died of neglect.⁴⁶² The move drew national headlines but didn't stop the layoffs; the newspaper now has fewer than 70 journalists on staff⁴⁶³—less than one-third of what it had 10 years ago⁴⁶⁴—to cover a city that's 20 percent larger.⁴⁶⁵

Plunkett resigned a few weeks later and now heads a capstone program for journalism students at the University of Colorado. “To me, it looks like they're doing their best to hold on,” he says of the *Post*.⁴⁶⁶ “I don't see any innovation. I know they're working as hard as they can, but if you only have 70 folks, you can't do what you used to do. There is a sense that journalists are not minding the store in Colorado like we used to.”⁴⁶⁷

The current print edition of the *Post* is a lean, sometimes emaciated product. Breaking news is still paramount, but stories about education (particularly higher ed), labor, transportation, suburban government, and rural communities are sparse. Gone are the beat reporters who made the rounds of county meetings and sniffed out development controversies and sweetheart deals as they were unfolding—or put the fear of God in officials so they wouldn't dare attempt malfeasance. Gone are the cityside columnists who once offered historically informed commentary and insights on public policy controversies and helped readers navigate local elections. The sports section, a significant source of online traffic, remains a priority, while arts and culture coverage is mostly freelance. The once-celebrated “Voice of the Rocky Mountain Empire” has become a whisper.



A Denver Post employee holds up a sign during a rally urging the paper's hedge fund owner, Alden Global Capital, to either invest in its news outlets or sell them.

LAST YEAR, 11 FORMER *Post* employees, including several veteran reporters and editors, left the paper to start a digital news outlet, The Colorado Sun. The venture is fueled by a two-year grant from Civil, a company that seeks to use cryptocurrency and blockchain technology to promote a network of independent newsrooms.⁴⁶⁸ Journalist-owned and void of ads or paywalls, the Sun aims to persuade readers to become regular donors of \$5 or more a month by focusing on the kind of narrative, contextual reporting that's getting harder to find at the local level.⁴⁶⁹

At present, the Sun produces only a handful of articles a day, but they tend to be longer, more nuanced takes on breaking news, what the legislature is up to, or growth-related issues in the region than can be found elsewhere. Sun staffer Jesse Paul says he's enjoyed the same kind of access to lawmakers and other public officials as he did when he had the state's largest newspaper behind him,⁴⁷⁰ and he points to several big stories that the fledgling operation has broken and other media have followed, such as an eye-opening report on a sputtering \$230 million state program that was supposed to improve reading proficiency for elementary school students.⁴⁷¹

The Sun is one of several emerging

online news ventures that are trying to woo an increasingly fragmented audience. Others include The Colorado Independent, a nonprofit run by former *Post* and *Rocky* columnists that serves up a progressive-tinged mix of public policy reporting and opinion; *Denverite*, a hyper-local news-you-can-use site focused on city and state government, development, and related issues that has had three owners in the past two years; and a host of smaller niche operations that cover politics, education, health, the energy industry, transit, or other topics.

All of these outlets have small staffs of around 3 to 12 people and extremely limited visibility in Denver's muddled media landscape. Only a small percentage of residents often get their local news from digital-first outlets.⁴⁷² None have anything close to the reach the *Post*—which, even after losing half its print readers in recent years, still claims more than a million weekly print and online readers.⁴⁷³ Nor can they touch the circulation of two other long-established local print publications: *Westword*, the venerable alternative weekly, claims 50,000 print readers a week,⁴⁷⁴ while *5280*, an upscale city magazine, reports 85,000 a month.⁴⁷⁵

Many of the digital outlets are reluctant to disclose their actual readership or subscription figures. A recent article in *5280* reported that the Independent claims 2,074 individual donors, compared with 1,200 paid members at *Denverite*.⁴⁷⁶ The Sun announced that it has 26,000 subscribers to its free newsletters and 5,400 paid members.⁴⁷⁷ A survey conducted last year by the Colorado Media Project indicated that although 39 percent of Coloradans pay for some of their news, only 6 percent of those appear willing to pay for a local digital outlet.⁴⁷⁸

BUT SOME OF THE DIGITAL PROJECTS are less interested in profit or total circulation than they are in engaging with a concerned audience of stakeholders. Chalkbeat, for example, is an intriguing nonprofit effort to revive and revamp the education beat, often one of the biggest casualties of the local news attrition. (Although there's been some turnover in the position, the *Post* still has a full-time

education reporter.) Forged out of the merger of a Colorado education news site with a similar site in New York City, Chalkbeat now has bureaus in seven states, supported largely by a web of foundations great and small, and provides more specialized education coverage than a traditional daily or TV station.

Chalkbeat's Colorado bureau has three reporters assigned to different beats and a bureau chief who covers statewide issues. Melanie Asmar, a former *Westword* reporter, covers Denver public schools and says that she's frequently the only reporter at school board meetings. Chalkbeat offers its stories without charge to other media organizations, and Asmar's work sometimes gets picked up by the *Post* or newspapers around the state. During a recent Denver teachers' strike, she was an invaluable resource to reporters helicoptering into the fray, the go-to expert who could explain the context of the dispute as negotiations stretched into the wee hours. She says she appreciates the opportunity to dive deeper into education issues than she would at a daily: "Chalkbeat is filling a need, and I'm so glad it exists. It makes my stories so much better, I think, than if I was at a general outlet."⁴⁷⁹

The tradeoff, perhaps, is that richly reported policy pieces are often more likely to connect with an audience of insiders than with the general public. Eric Gorski, Chalkbeat's managing editor for local news and a former *Post* reporter, notes: "School superintendents read us. Lawmakers read us. We want people to read our stories, but we also want our reporting to make a difference. We want it to move needles. It's going to be smaller than a general news outlet audience, but it's a pretty influential and powerful one."⁴⁸⁰

FOR THE CIVIC-MINDED, there are some aspects of Denver's new media ecosystem that compare favorably with the old. Unlike the *Post* and the commercial TV news stations, most of the new digital outlets are locally owned. Whether or not they are structured as nonprofits, they tend to be intensely focused on their readers (or "members") rather than on clicks or advertisers. And they are, perhaps, less likely to shy away from

complicated stories on daunting subjects.

A lot of traditional local news "has moved away from reporting on serious issues," says Justine Sandoval, a community organizing manager for NARAL Pro-Choice Colorado. "They concentrate on the controversy as opposed to the policy, and it's been a struggle to get people to pay attention to the issues." Sandoval sees the situation improving in Colorado, thanks in part to the emphasis on substantive reporting by Colorado Public Radio (CPR) and digital outlets such as the Sun and Denverite. But she also worries that older or less internet-savvy readers may not be exposed to those sources. "It's harder for the average person to access legit journalism now," she says.⁴⁸¹

The proliferation of niche outlets has been good news for state politics junkies, since there are now more journalists regularly covering the Colorado legislature than at any time since the 1990s. (One blogger recently tallied at least 17 reporters at the statehouse.)⁴⁸² But at a more local level, there are deficits in coverage that have deepened during the *Post*'s decline and are addressed only sporadically. "I don't think they have enough people to cover community and environmental issues," says Christine O'Connor, a veteran neighborhood activist who has expressed skepticism about several controversial projects embraced by city officials, from the redevelopment of a Superfund site to a proposal to bring the Winter Olympics to Denver. "The environmental stuff is just too damned difficult for most people."⁴⁸³

O'Connor is a fan of the work of Bruce Finley, who covers environmental news at the *Post* and does several comprehensive reports a year on subjects such as fracking emissions and the city's "green space crunch." "They're few and far between, but they're powerful when they come out," she says. "If there were more people like him, I think we'd be well served."⁴⁸⁴

But O'Connor laments the absence of reporters at most of the community meetings and planning hearings she attends. Although several outlets prominently covered the Denver's city council's approval of a new growth plan, called Denveright, she points out that the plan and related documents run close to 1,600 pages—and



there was little discussion in the media about just what those pages contain, or the small fraction of the city's residents who were actually involved in the outreach process or had any input on its provisions. Local journalists "are missing the level of frustration in the community with development," she says. "I don't think they're really out there talking to people. I think they get briefed by the mayor's group, and then they decide if they're going to meet with someone else."⁴⁸⁵

Sandoval believes the local media needs to devote more resources to economic issues. "People always want to know about taxes and revenue," she says. "I get these questions all the time: Where is that money going? What are the obstacles to why we can't spend it in different ways? I wish there was more coverage on those issues."⁴⁸⁶

Paul says that he'd like to see the Sun expand its reporting on several fronts once it's in a position to hire more reporters. "Transportation is not covered much by anybody, and it's a huge issue for Colorado," he says. "Law enforcement. The courts. The federal courts. It would be great to have a bureau on the eastern plains, a bureau in southern Colorado. Rural Colorado isn't getting much coverage."⁴⁸⁷

Important journalism is being done at several of the niche outlets, many of them digital first. It's not clear, though, that enough Denver residents have the inclination or the patience to seek out their news in an à la carte fashion, now that there's no single media source to rely on for comprehensive coverage. "There are more people sitting at the press table in the city council chamber on Monday night than there used to be," notes Councilman Flynn. "But that's too many places to go to find my news. I don't think a single one of my neighbors knows that coloradopolitics.com exists, or Denverite, or The Colorado Sun. There's not one clearinghouse for everything, and the knowledge of city affairs is suffering."⁴⁸⁸

Plunkett agrees. "Gone is the big newspaper-of-record role," he says. "I like the idea of a big news organization, so that when it does investigative reporting, stuff happens. When it weighs in on an issue,

people listen. When the neighborhood is experiencing a spike in homicides and people in the community don't want to talk, you need a paper that's got a strong enough recognized brand that it can go in, keep your name a secret, and get the truth out. That's what I worry about."⁴⁸⁹

The fragmented media marketplace compels consumers to rummage among several news sources to try to make sense of events, a time-consuming hunt that was particularly necessary during the 2018 election cycle. While the midterms were followed closely across the nation, Colorado's statewide races were haphazardly reported, particularly at the primary phase. The staff departures at the *Post* and the scramble among start-ups meant little consistency in how the campaigns were covered. "The race played out in quasi-silence, as significant differences between candidates went almost unremarked, important coverage appeared late, and most of it was placed in disparate locations," journalist Helen Thorpe pointed out in a column for *The Colorado Independent*. "If you were not paying close attention to several websites at once, you probably missed the entire show."⁴⁹⁰

Vigorous watchdog reporting can still be found in Denver, though with less frequency. Colorado Public Radio recently made a splash with a months-long investigation of the cozy relationships between the city administration and powerful lobbying firms.⁴⁹¹ The *Post* demonstrated that it could still make a difference by revealing that thousands of court cases across the state have been shielded from public view by judges' suppression orders, without any coherent rationale for such secrecy.⁴⁹² The Sun dove deep into the economics behind the lack of affordable housing in ski towns and maintains a Jared Polis Promise Tracker, which graphically portrays the new governor's progress (or lack thereof) in delivering on his 125 campaign promises.⁴⁹³ Leading up to the recent municipal elections, most news outlets managed to provide at least brief profiles of all the candidates in the crowded mayoral race, a distinct improvement over the chaotic coverage of the 2018 governor's race. (Despite the gloomy predictions of low turnout, a surge of late ballots made for one of

"Transportation is not covered much by anybody, and it's a huge issue for Colorado," says journalist Jesse Paul. "Law enforcement. The courts. The federal courts. It would be great to have a bureau on the eastern plains, a bureau in southern Colorado. Rural Colorado isn't getting much coverage."

“We had to be willing to have hours that didn’t produce anything because that’s what happens when you walk a beat,” says former journalist Kevin Flynn. “I see a lot of enterprise reporting now, and a lot of it is good. What I don’t see enough of is day-in, day-out beat reporting that leads to better enterprise reporting.”

the highest levels of voter participation in a Denver election in decades, with several contests close enough to trigger runoffs.)

Yet how many of these stories truly connected with readers? Some of the most powerful investigative reporting often arises out of community concerns, and the ability of journalists to tap into tips from informed sources and whistleblowers—a process that relies on the kind of persistent beat reporting that’s now in short supply. During his years at the *Rocky*, Flynn recalls, he spent many “unproductive hours” making the rounds of court and police documents and chatting up sources. Yet such routines greatly enhanced his reporting. “We had to be willing to have hours that didn’t produce anything because that’s what happens when you walk a beat,” he says. “I see a lot of enterprise reporting now, and a lot of it is good. What I don’t see enough of is day-in, day-out beat reporting that leads to better enterprise reporting.”⁴⁹⁴

LIKE DENVER’S LOCAL DAILIES, its commercial TV news stations have experienced years of turmoil, enduring budget cuts and consolidation while shifting from one conglomerate’s portfolio to another.⁴⁹⁵ While each station still occasionally tackles investigative stories, all rely heavily on safe and predictable local TV formulas: news about fires, crashes, and crime; feel-good pieces about organ donors or local charities; gotcha exposés that confront contractors over shoddy work or restaurant owners over bad health inspection reports.

But amid the predictable broadcast formulas, public television is thriving. The Denver metro area’s largest public broadcasting services receive most of the philanthropic money that’s been pouring into the state to support local news. Rocky Mountain PBS’s investigative news show, *Insight With John Ferrugia*, recently won an Alfred I. duPont-Columbia University Award, and last fall its parent company, Rocky Mountain Public Media, broke ground on a \$34 million, 64,000-square-foot center that will house the news operations, KUVU public radio, community media studios, and collaborative spaces available to other local media enterprises.⁴⁹⁶

Colorado Public Radio, the region’s

premier NPR affiliate, has undergone an even more dramatic transformation, thanks to its ability to tap into major grants as well as its devoted listener base. CPR has beefed up its news coverage in many areas, including a new investigative team (sparked by an anonymous \$300,000 gift)⁴⁹⁷ and a “climate solutions” team (backed by a \$1.2 million grant).⁴⁹⁸ The entire operation has grown rapidly in recent years and now has close to 50 journalists on its payroll, with plans for a newsroom of 70 in the near future, which would give CPR a larger staff than the *Post*. It’s even moving its newsroom from the suburbs to downtown Denver, as if declaring that it’s ready to dethrone the ailing daily as the region’s dominant news organization.⁴⁹⁹

Last March CPR announced that it had acquired *Denverite*, which had struggled to find traction as a member-supported, for-profit outfit under its previous owner, Spirited Media.⁵⁰⁰ *Denverite* is transitioning to a nonprofit business model and will remain devoted to hyper-local news.⁵⁰¹ The move should increase the hyper-local news outlet’s visibility while aiding CPR’s efforts to enhance its digital presence among millennials. Working closely with the nonprofit media giant seems like a win-win for both sides, says former *Denverite* editor Dave Burdick, now the managing editor of digital operations at CPR. Partnering with CPR will not only increase the digital outlet’s visibility, Burdick explains, but also possibly help free up *Denverite*’s five-person staff to occasionally step away from the whirl of city council and county commissioner meetings to pursue more in-depth projects.⁵⁰²

While the acquisition was welcomed in most quarters, it also underscores the harsh economics of the new media environment. Corey Hutchins, who writes about media issues for *Columbia Journalism Review* and *The Colorado Independent*, described the move as a “bailout” in his weekly newsletter. “There are a few ways to look at that deal,” Hutchins says. “One is that maybe we never got to see the for-profit, hyper-local digital media experiment play out in Denver before the money to float it ran out. But maybe we did get to see that experiment play out, and it just wasn’t successful.”⁵⁰³



As Hutchins sees it, the takeover demonstrates the ascendancy of public broadcasting in Colorado media circles. Nationally, public television and radio receive the lion's share of the foundation money going to nonprofit media, a total of \$796 million from 2010 to 2015—almost as much as all the other nonprofit news outlets combined.⁵⁰⁴ (Local and state nonprofit news outlets collected just 5 percent of the grant money during that period, according to a study by Harvard's Shorenstein Center and Northeastern University.)⁵⁰⁵ CPR has a substantial development staff and devotes far more attention to fundraising than many of the digital start-ups, Hutchins notes. "It would be great if all the new ventures could find enough devoted readers to survive," he says. "But you have to wonder what happens when the grants run out."⁵⁰⁶

Many questions remain about the sustainability of Denver's experiments in local news. Are there enough foundations and private funders interested in supporting

public policy journalism to keep all the start-ups solvent? Are there enough consumers feeling generous enough to subsidize public radio's ambitious expansion as well as the various news sources that are adopting a similar audience-supported model? Can the niche outlets develop a significant following for specialized beat reporting and have the kind of impact that the daily paper once had? Will some of the outlets with like-minded missions ultimately merge, or will the market become more fragmented?

Some of the answers may surface in the next couple of years as the digital outlets seek a wider base of support. In the interim, Denver keeps growing, and so does its bureaucracy. In 2007, the former *Rocky* building was demolished to make way for a city jail. Since 2016, city agencies have subleased several floors of the former *Post* building, occupying office space where hundreds of reporters once roamed. As journalism recedes, government becomes ever more powerful.

BIG PICTURE SOLUTIONS

How much would it cost to revamp journalism and reverse the decline of the country's local news ecosystems? There is no consensus dollar amount, but there's agreement on the magnitude of the need: It's enormous. Addressing the local news crisis will require investments that collectively total billions of dollars.

In 2011, the Federal Communications Commission (FCC) convened a high-level working group on the country's information needs. In its resulting report, the group estimated that it would take up to \$1.6 billion annually just "to bridge the gaps we now see in the provision of civically important information."⁵⁰⁷ These estimates would presumably be significantly higher today, after eight additional years of industry decline. A 2018 Harvard/Northeastern study calculated that "replacing just half of the 19,000 editorial jobs lost at newspapers between 2000 and 2014 would cost roughly \$4.3 billion for a six-year period;"⁵⁰⁸ replacing all of them would require about \$1.4 billion annually.⁵⁰⁹

The scale of the challenge will require investment and action from the philanthropic, private, and public sectors. Firstly, recent growth in philanthropic giving for journalism will need to further expand dramatically and prioritize local news specifically. Secondly, the balance between tech giants and news media must be redrawn to ensure that local news outlets receive a greater financial return from the online consumption of content that they themselves produce at great expense. Thirdly, regulators must implement laws and policies that prioritize the health and diversity of local news outlets and that proactively assist the production of local journalism. Finally, both federal and state governments should significantly expand their public support for local journalism. Most ambitiously, this support should include new sources of public funding for news-gathering activities.

An all-of-the-above strategy recognizes that no single funding source can fully address the breadth of the problem and that depending on any one source is too risky—for media outlets' financial stability as well as their editorial independence. Every funding model raises questions about editorial impartiality and conflicts of interest, which is why American newsrooms have developed traditions, norms, and rules to help insulate their judgments from commercial funders. New, noncommercial models will require similarly judicious safeguards to maintain a free press.

In total, these proposals represent an outright reimagining of how the United States conceives of news gathering and the value of local watchdogs in a representative democracy. Underlying all of them is

the idea that journalism is not merely a commercial enterprise but also a public good. The social utility of a vibrant local news ecosystem—holding the powerful to account and providing critical information—justifies sweeping and ambitious plans to save it.

Expanding philanthropic giving

As the local news crisis has deepened, the philanthropic sector—composed primarily of wealthy individuals and families, technology companies, foundations, and impact investors (supporting initiatives generating both financial return and positive social change)—has begun to step up. Overall philanthropic investment in journalism has nearly quadrupled over the past decade.⁵¹⁰ The result has been countless promising experiments in original reporting, a flurry of nonprofit news outlets, initiatives that bolster local journalism through skills and network building, and burgeoning partnerships between for-profit and philanthropic entities. But major challenges—of scale, reach, equity, and sustainability—remain.

Foundations

Foundations have led the way in stemming the tide of the local news crisis. Quick to recognize its severity, they have funded innovations in news gathering, community engagement, and diversified revenue streams; initiated research on and debates about the challenges facing the industry; and publicized the acute need for increased philanthropic support for journalism.⁵¹¹

Growth in foundation funding has been profound. An analysis from American University's Journalism Lab found that from 2005 to 2012, 279 foundations gave approximately \$35 million annually to support nonprofit media outlets.⁵¹² Toward the end of that period, from 2010 to 2015, giving in the field of journalism and media increased to an average of approximately \$300 million a year, according to a recent study conducted by Harvard and Northeastern Universities.⁵¹³

Today over 6,500 philanthropic foundations fund media initiatives or operations in the United States. Of these, almost a third began doing so only in the past decade.⁵¹⁴ Chief among them are well-recognized names in the philanthropic world, including the Knight Foundation, the Ford Foundation, the MacArthur Foundation, and the Omidyar Network.

Philanthropic efforts include NewsMatch, a matching-gift campaign for nonprofit news launched in 2016 by several major organizations.⁵¹⁵ Designed to encourage more small, individual donations to local nonprofit news outlets, NewsMatch matches individual contributions of up to \$1,000 per donor. In 2018, it raised \$7.6 million for 154 local nonprofit news organizations.⁵¹⁶

Some of the biggest donations from foundations have been recent. In February 2019, the Knight



Foundation announced that it would double its support, giving \$300 million in grants to strengthen journalism and press freedom over the next five years, with an initial focus on rebuilding local news. In announcing this commitment, Knight said that it planned to invest in “scalable organizations committed to serving communities at the local level.”⁵¹⁷ Such expansions make clear that the philanthropic community sees the health of local news ecosystems as a growing priority.

Impact investment

In the past few years, impact investment—a funding approach that is more common in education, international development, and health care—has made its way to journalism. Impact investment aims to create positive social change while generating a financial return and is sometimes referred to as a “blended business” or “double bottom line” model.⁵¹⁸ In news media, impact investors have started providing seed funding for start-up news outlets or companies that strive to turn a profit while also increasing access to public service journalism. There are several journalism-focused funds that invest in this way.

American Journalism Project (AJP) is one of the most ambitious impact investors in local news. Launched by two innovators in nonprofit news—John Thornton, the venture capitalist who launched The Texas Tribune, and Elizabeth Green, the education reporter who is the co-founder and CEO of Chalkbeat—AJP focuses exclusively on rejuvenating local news and accountability reporting. Starting at the end of 2019, AJP will distribute grants to what it calls civic news organizations aimed at technology and diversified revenue generation to build long-term sustainability.⁵¹⁹

“This is the only idea I see on the table that addresses scale,” Green says. “Our goal is to inject one billion new dollars on an annual basis that goes directly toward supporting local news gathering. I use ‘venture philanthropy’ as shorthand to describe the difference between making grants in the old model and the new model. The old model would be: Let me finance really interesting creative programs with project-specific grants, but let me not worry about how that experiment will be sustained over the long haul. Venture philanthropy does not just focus on a specific project but is about building an entire field. So I’m going to give my grants to capacity building rather than a targeted investment.”⁵²⁰

Although still in its infancy, impact investment in the media sphere is enormously promising, with its support of local civic news organizations, its emphasis on long-term sustainability, and its determination to address the national scale of the problem.

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Tech giants

Confronted with growing criticism for the role they have played in the local news crisis, tech giants—particularly the “digital duopoly” of Google and Facebook—have ramped up their philanthropic giving and outreach to news outlets in recent years. In 2017, Facebook launched the Facebook Journalism Project and in 2018 Google launched the Google News Initiative (GNI) and each company has committed to investing \$300 million over three years, through these initiatives.⁵²¹ Their efforts in this space include:

- Developing tools that help publishers identify audience patterns and optimize digital engagement, such as Google’s News Consumer Insights⁵²² and Facebook’s CrowdTangle.⁵²³
- Developing and offering tools that help drive traffic to news sites and/or encourage news consumers to become digital subscribers, such as Facebook’s subscription products⁵²⁴ or Subscribe with Google.⁵²⁵
- Launching accelerators for the study and exchange of ‘best practices’ for publishers seeking to develop new revenue models, such as Facebook’s Local News Accelerators⁵²⁶ and Google’s Subscriptions Lab.⁵²⁷
- Offering direct funding for news gathering or staffing. For example, Google’s Innovation Challenges included \$5.8 million in grants to local North American news outlets this year,⁵²⁸ and its Local Experiments Project includes a partnership with media company McClatchy to fund the creation of digital-only news publications in three communities with populations under 250,000.⁵²⁹ Facebook has made a \$5 million commitment to fund a Pulitzer Center initiative, “Bringing Stories Home,” which will support local newsrooms across the country with reporting grants.⁵³⁰

Several recent initiatives explicitly aggregate and draw attention to news content, including:

- Facebook’s Today In, which launched in January

2018, features content from over 1,200 local news publishers, available in over 6,000 towns and cities in the U.S.⁵³¹ The initiative has helped underscore the depth of the local news crisis; Facebook spokesperson Erin Miller noted to PEN America, “Over the course of working on the product, we found that forty percent of people in the U.S. live in places where we could not find enough local news on Facebook to justify launching Today In.”⁵³²

- Facebook News, which the company announced in October 2019, will be a dedicated section within Facebook for news content.⁵³³ Significantly, Facebook News will reportedly compensate publishers for content available in the section⁵³⁴ and prioritize stories broken by local outlets.⁵³⁵ As the initiative begins to roll out, it is not yet clear how many small and mid-sized local news outlets will end up benefiting from partnership and licensing agreements.

Both Facebook and Google acknowledge they have a role to play in maintaining and restoring news ecosystems. “We understand the shift that many publishers are feeling from the changing landscape and the growth of the Internet better than most, so it’s up to us to help news organizations figure it out as well,” Facebook’s Miller told PEN America.⁵³⁶ “A thriving news industry is fundamental to the health of our society—and well-functioning political, social, and economic institutions,” a Google spokesperson told PEN America. “Our mission is to make the world’s information accessible and useful to everyone. We can’t do that without the quality information news organizations produce.”⁵³⁷

All these interventions are welcome ones that may offer real benefits to local news providers. Even so, there is warranted skepticism among experts and media professionals that these efforts merely scratch the surface; they may help media organizations shift from ad-revenue to audience-revenue models, but they fail to address the fundamental problem of technology companies collecting the bulk of ad revenue for content they do not produce.

Some also question the tech companies’ motivations. Emily Bell, director of the Tow Center for Digital Journalism at Columbia Journalism School, wrote in a September 2019 article, “Call me a cynic,” but “is it a coincidence that we are seeing an influx of cash into experiments to aid journalism at a time when there is pressure on the big tech companies in Europe, the UK and, should there be a change of administration in the US in 2020 perhaps there too?”⁵³⁸

Addressing the challenges of philanthropic funding
Nonprofit outlets are increasingly attempting to

diversify their revenue streams through individual giving, with approaches ranging from memberships to crowdfunding; nevertheless many will continue to be highly reliant on philanthropy, which presents inherent challenges, especially of scale and reach.

Comparatively little of current foundation funding is going to newsgathering at the local level. In 2018, researchers at Harvard’s Shorenstein Center and Northeastern’s School of Journalism published a comprehensive study that analyzed “32,422 journalism and media-related grants,” which added up to “\$1.8 billion distributed by 6,568 foundations between 2010 and 2015.” When the researchers broke those numbers down further, they found that only \$80 million (about \$13 million a year) went to local nonprofit news organizations—just 4.5 percent of all foundation giving over six years.⁵³⁹

In a study titled “Are Foundations the Solution to the American Journalistic Crisis?” NYU Professor Rodney Benson frames the problem in stark terms: “Total revenues for all types of U.S. news are about \$60 billion: two-thirds of this amount still comes from advertising, while paying audiences account for most of the rest. Foundation contributions make up less than 1 percent of the total.”⁵⁴⁰

Indeed, foundation funding for media pales in comparison to philanthropic giving in other areas. For example, in 2014—the most recent year for which comparable data on giving in both sectors is available—the arts received nearly \$2 billion dollars in foundation funding, far greater than the approximately \$330 million in giving to the media sector around that time;⁵⁴¹ by 2016, foundation funding for arts and culture had risen to \$3 billion dollars.⁵⁴²

When PEN America asked Steven Waldman of Report for America how much philanthropic funding would be needed to alleviate the local news crisis, he replied: “I think a few billion a year, which is a lot more than is currently being done, but it’s actually pretty small potatoes compared to philanthropic investments in other areas. Another way of looking at it is: Andrew Carnegie funded a thousand libraries. It would cost a lot less to fund a thousand reporters than a thousand libraries. Way, way less expensive, but it would have a profound impact.”⁵⁴³

But even if philanthropic funding scales up dramatically, other issues remain. One is a phenomenon called “pack philanthropy,” by which large, national nonprofit outlets act as magnets, consistently attracting most of the funding. A 2019 analysis found that, between 2009 and 2015, over 90 percent of foundation donations to 60 members of the Institute of Nonprofit News went to the 20 largest organizations, 8 percent to midsize ones, and less than 2 percent to the 20 smallest.⁵⁴⁴



Moreover, the largest, flushest nonprofit news organizations are able to use their funds to hire professional development staff to help diversify their revenue streams and grow bigger still.⁵⁴⁵ A 2019 report by Media Impact Funders found that since 2009, even local community foundations gave 35 percent of their funding for investigative journalism to just two national nonprofit outlets, ProPublica and the Center for Investigative Reporting.⁵⁴⁶

Nonprofit news outlets essentially reflect the same imbalances as their for-profit peers. Richard Tofel, ProPublica's president, has acknowledged that, with its initial boost of \$10 million from two investment bankers when it launched in 2008, the site was "born on third base."⁵⁴⁷ Nonprofit news outlets are concentrated in affluent communities, which already have robust sources for news.⁵⁴⁸ This inequality persists in terms of diversity as well. Communities of color remain underrepresented: 73 percent of nonprofit news staff are non-Hispanic white,⁵⁴⁹ which is slightly better than newspaper newsrooms at 77 percent, but leaves considerable room for improvement across the nonprofit news sector as a whole.⁵⁵⁰

Sandy Close of Ethnic Media Services notes that a long legacy of unequal access and information asymmetry—what she terms "centuries of communications apartheid"—means that minority-led outlets "don't have ProPublica's advantage of being able to apply for grants. They don't even know that [such an option] exists."⁵⁵¹ According to the Harvard/Northwestern study just 2.1 percent of foundation funding from 2010 to 2015 supported local ethnic- or minority-focused nonprofit media organizations.⁵⁵²

As journalism philanthropy evolves, some foundations are working to directly redress this imbalance. The Ford Foundation, the Democracy Fund, Craig Newmark Philanthropies, and several other major funders are collaborating on a new initiative called the Racial Equity in Journalism Fund to focus on building the capacity of newsrooms run by and for people of color.⁵⁵³ And the Knight Foundation recently announced the creation of the Equity and Inclusion Transformation Program at the Robert C. Maynard Institute for Journalism Education to tackle the problem structurally by embedding diversity specialists in newsrooms across the country "to help them better inform underserved communities and establish more equitable and inclusive workplaces."⁵⁵⁴

Geographic diversity is an issue as well. Nonprofit outlets, their record of high-impact journalism notwithstanding, have not yet proliferated throughout the country. Foundation funding for public and nonprofit journalism remains concentrated in California and the Northeast. From 2010 to 2015, nonprofits in 10 states secured over 80 percent of all local and

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state journalism funding.⁵⁵⁵ By contrast, much of the Midwest, the Mountain West, the Southwest, and the South have received little.⁵⁵⁶ While the reasons for this disparity are no doubt complex, part of the problem is that most funding for local and state news comes from a handful of large national foundations that can be prone to pack philanthropy.⁵⁵⁷

Community-based foundations would be better placed to identify and fund nonprofit outlets with an eye toward geographic diversity. Yet funding from community-based foundations, while on the rise, remains just five percent of overall philanthropic giving for journalism since 2009. Additionally, there are eight states—Alaska, Utah, North Dakota, South Dakota, Montana, Kentucky, West Virginia, and Delaware—that do not have any community foundations funding journalism.⁵⁵⁸

Reliance on philanthropic funders also means that nonprofit news outlets operate at the whim of their patrons—particularly if they are dependent on just one primary funder. In 2019, the influential outlet Pacific Standard abruptly shut down after its funder, SAGE Publications, unexpectedly pulled its support, citing economic pressures to focus on its commercial academic publishing arm.⁵⁵⁹ Pacific Standard had received multiple awards for its journalism, and its website attracted approximately 1.3 million monthly unique visitors.⁵⁶⁰ But neither its critical acclaim nor its impressive engagement numbers were enough to insulate it from the consequences of its funder's decision.⁵⁶¹

But one hopeful sign is that nonprofit news outlets are acquiring the skills and resources to diversify revenue streams. As of 2019, more than two-thirds of

nonprofit news outlets report having three or more revenue streams.⁵⁶²

Conclusion

If philanthropists and foundations hope to effectively battle the local news crisis, they will need to drastically expand funding. While philanthropic support and impact investments have helped create and sustain nonprofit and start-up news outlets, there is skepticism, among the many media experts and journalists PEN America spoke with, that philanthropy alone can solve the problem. LaMonte Guillory, of the LOR Foundation, which focuses on rural communities, asserted: “Philanthropy is not enough! It’s good life-support for the moment.”⁵⁶³ And Nicholas Lemann of Columbia Journalism School said: “If you actually believe, as journalists say in their after-dinner speeches constantly, that a healthy democracy cannot survive locally or nationally without independent journalism, then it just won’t do to say, ‘But we’ll let the problem be handled by private philanthropy.’ There is no other area that is deemed absolutely essential to democratic functioning that is handled that way. So you either have to say, ‘We were just saying that at the after-dinner speeches—it’s actually not essential. It’s nice when it happens, but it’s no big deal if it doesn’t happen,’ or you have to say, in my opinion, ‘It is essential, so therefore let’s deal with it at the level of policy.’”⁵⁶⁴

Regulation and the prospect of public funding

Confronted with the sobering reality that industry innovation and increased philanthropic funding—even in tandem—are not enough to address the local news crisis, media policy experts have begun once again to take a hard look at the role that government can play in counteracting the decline of local journalism. As steward of our nation’s airwaves, the FCC’s regulatory role gives it the power to protect local media. The government can also help rebalance the profit equation between technology companies and the local news publishers whose content these platforms disseminate. Finally, there is renewed interest in expanding existing public funding for journalism or creating a new public funding mechanism.

Reorienting the FCC

There is no one government regulator that is well-placed to play a central role in addressing the local news crisis, particularly as it pertains to the consolidation and gutting of newspapers.

But there is a federal agency that oversees television and radio and increasingly the digital realm. On the grounds that the airwaves are a limited and



Copies of the final edition of the Ann Arbor News make their way to the delivery trucks on July 23, 2009. The paper folded after 174 years.

public resource,⁵⁶⁵ the FCC oversees interstate communications by radio, television, wire, satellite, and cable. The FCC can approve or reject a company’s application for a broadcast license, meaning that many media companies depend on its approval to operate. Crucially, the FCC also reviews applications to transfer those broadcast licenses, giving it the power to approve or deny mergers.⁵⁶⁶

Protecting local media and promoting “broadcast localism” have long been among the FCC’s central principles. As Michael K. Powell, FCC chairman during George W. Bush’s administration, put it: “Fostering localism is one of the Commission’s core missions and one of three policy goals, along with diversity and competition, which have driven much of our radio and television broadcast regulation during the last 70 years.”⁵⁶⁷

But PEN America spoke to several experts who argue that in practice, the FCC has significantly abdicated this responsibility by signing off on massive communications company mergers.⁵⁶⁸ “The FCC has not done its job of defending the public interest, defending the local media,” says Michael Copps, an FCC commissioner from 2001 to 2011. “Localism,” Copps adds, “has largely gone as a result of consolidation. Same with competition,” another crucial FCC principle, which prevents a single owner’s corporate voice from dominating a community.⁵⁶⁹

These recent changes have not been universally endorsed within the FCC, which is composed of five



politically appointed commissioners, currently three Republicans and two Democrats.⁵⁷⁰ When PEN America reached out to these commissioners requesting comment, one Commissioner, Jessica Rosenworcel, responded with a statement: “Media ownership matters because what we hear and see says so much about who we are as individuals, as communities, and as a Nation. At this agency, I believe we have a duty to ensure that the use of our public airwaves is consistent with the values of localism, competition, and diversity that have informed communications law for decades. But of late and over my objection, the Federal Communications Commission has been dismantling these values instead of identifying how they can inform our digital future. This is unfortunate for all of us, because we need local news and information to make decisions about our lives, our communities, and our democracy.”⁵⁷¹

PEN America believes that the FCC can—and should—play a far more active role in ensuring the health of local news outlets. Below are three potential ways it could do so.

Restore and tighten FCC rules protecting localism and limiting consolidation

The FCC’s definition of localism focuses on two main tenets: ensuring that local communities across the country receive broadcast service and ensuring that broadcasters serve the specific needs and interests of the communities for which they are licensed.⁵⁷² Local communities’ need for critical news and information fits squarely within this mandate.

Yet even as the pace of media consolidation accelerates, the FCC has been rolling back long-standing rules that promote diversity and localism and protect against the threat of media monopolies. In 2017, as part of its four-year rule review process, the FCC passed a series of deregulatory changes including:

- Eliminating a rule preventing broadcasters from owning two TV stations and a radio station in the same market (The Radio/Television Cross-Ownership Rule);⁵⁷³
- Eliminating a rule prohibiting the joint ownership of a daily newspaper and a radio or TV broadcaster in the same market (The Newspaper/Broadcast Cross-Ownership Rule);⁵⁷⁴
- Eliminating a requirement that broadcasters keep a local studio in the town they service (The Main Studio Rule);⁵⁷⁵
- Eliminating the requirement that at least eight independently owned TV stations exist in a

market before any broadcaster can own two TV stations there (The Eight Voices Test or the “Rule of Eight”);⁵⁷⁶

- Permitting case-by-case exceptions to the prohibition on an entity owning two of the top four stations in a market (the Top-Four Prohibition or “Rule of Four”);⁵⁷⁷
- Loosening a cap that prevents any one broadcaster from reaching more than 39 percent of the nation, by allowing stations to count only half of the reach of their Ultra-High Frequency stations (The “UHF Discount”).⁵⁷⁸

FCC Chairman Ajit Pai has maintained that the agency’s move to abolish these regulations “finally drags its broadcast ownership rules into the digital age,”⁵⁷⁹ which will lead to “more local newsgathering” and “more news for consumers.”⁵⁸⁰ Currently, the rules are in limbo. In September of this year, the 3rd Circuit Court of Appeals struck them down, directing the FCC to review and reconsider them.⁵⁸¹ Chairman Pai has announced the FCC’s intention to fight the ruling.⁵⁸²

Some supporters of the 2017 rollbacks have argued that not all consolidation is harmful—that, say, merging a locally owned TV station and a locally owned paper may be beneficial or even necessary for outlets seeking to cut costs, pool resources, and remain economically viable. The National Association of Broadcasters, a lobbying group, came out in favor of the changes, declaring that the old ownership requirements “weakened the newspaper industry, cost journalism jobs and forced local broadcast stations onto unequal footing with our national pay-TV and radio competitors.”⁵⁸³

Citizen groups disagree. As media watchdog group Common Cause described the proposed change, “Even for this craven FCC majority, [the decision to] bless more media consolidation represents an awful new low. The FCC just wiped away time-tested and common sense safeguards that promote vibrant local media by ensuring voters have access to competing sources of news.”⁵⁸⁴ (For more, see “TV and radio: consolidation and cookie-cutter coverage,” page 29.)

Even if consolidation occurs strictly at the local level, it tends to mute the diversity of voices in a local news ecosystem. In the 3rd Circuit decision to strike down the FCC’s rollbacks, Judge Thomas Ambro emphasized that the commission “did not adequately consider the effect its sweeping rule changes will have on ownership of broadcast media by women and racial minorities.”⁵⁸⁵ The court also noted that encouraging

consolidation appeared to be “a primary purpose of the new rules.”⁵⁸⁶

Along with localism and competition, diversity is a bedrock mandate of the FCC, and Michael Copps calls the agency’s record of enforcement of this principle “pitiful.”⁵⁸⁷ “The people who actually own stations,” Copps says, are “white, male, and corporate. You look at women’s ownership, or African-American ownership, or Hispanic ownership,” and it barely exists.⁵⁸⁸ Rolling back the FCC’s ownership rules threatens to further weaken this aspect of the FCC’s mandate.

If the lack of representation is not troubling enough in itself, lack of regulatory protections maintaining diversity and pluralism also serve to exacerbate the local news crisis. Communities of color and poor or rural residents who are underserved by the nation’s commercial media model are likely to find their information needs sublimated to those of audiences more attractive to advertisers. As Commissioner Rosenworcel put it in a dissent to one of the 2017 rollback measures, “Study a bit of history and you can only come to one conclusion: consolidation will make our stations look less and less like the communities they serve.”⁵⁸⁹ In contrast, a more diverse and pluralistic local ecosystem is a healthier one, offering more information to news consumers and being less subject to the whims of one specific media owner.

If the courts uphold the loosened rules on appeal, it will open the door to additional consolidation, to the detriment of local accountability journalism. The recent moves toward deregulation will have to be reversed to ensure that local news ecosystems can adequately serve their communities.

Strengthen enforcement of the public interest programming requirement

While various FCC rules have seen attempted or actual rollbacks, a central one remains unchallenged—the requirement that all stations must dedicate a certain amount of programming to serving the public interest in order to receive and maintain an FCC license. This requirement was established in the Communications Act of 1934 and reflects the fact that the public owns the airwaves that the FCC grants to individual broadcasters.⁵⁹⁰ But the FCC provides neither quantitative nor qualitative benchmarks for what constitutes public interest programming, instead allowing broadcast stations to set the terms and evaluate themselves.⁵⁹¹ Certainly, the FCC is right to refrain from applying any definition of public interest programming that would have government regulators determine which specific programs meet the standard. But there are metrics that would enable the FCC to better evaluate and uphold this requirement. The amount of local news aired by a station represents one such metric—and a

The FCC has historically shown little interest in holding stations accountable for their public interest obligations. In the first 75 years of its existence, it granted over 100,000 license renewals—only four were denied because a station failed to meet the public interest requirement.

sobering one, at that: a 2011 FCC analysis found that 33 percent of all commercial stations aired 30 minutes or less of local news per day, and that at least 520 local TV stations aired no local news at all.⁵⁹²

The FCC has historically shown little interest in holding stations accountable for their public interest obligations. In the first 75 years of its existence, it granted over 100,000 license renewals—only four were denied because a station failed to meet the public interest requirement.⁵⁹³ In other words, the “requirement” is essentially optional.⁵⁹⁴

Reformers advocate for a more robust FCC inspection system, more systematic disclosure requirements, and a clear delineation of stations’ responsibilities.⁵⁹⁵ Former Commissioner Michael Copps has advocated a “public value” test that includes explicit benchmarks for the amount of news and public affairs programming and a requirement that 25 percent of prime-time programming be locally or independently produced.⁵⁹⁶

Copps says that, even absent such a public value test, simply enforcing stations’ existing obligations could go a long way. “It used to be every few years you had to come in and talk about how you’re serving the public interest,” Copps told PEN America. “And I’m not saying the FCC ever did a stellar job in enforcing that licensing requirement, but at least stations knew they were there, and they had to make some kind of case that they were serving the interests of the public.” He added that if the FCC “ended up taking a license or two away, the word would quickly go out around the country that the cop is on the beat.”⁵⁹⁷



Those who would contest such a robust approach highlight the fear that FCC efforts to more explicitly spell out or enforce the public interest requirement would inevitably compromise the First Amendment, amounting to government policing of speech.⁵⁹⁸ This is certainly a legitimate concern, as with any government policy that implicates speech, and it requires substantial consideration. Yet it must be noted that for the majority of its existence, the FCC did employ a much more specific definition, and guidance for implementation of broadcasters' public interest mandate.⁵⁹⁹

In the 1940s, the FCC outlined 14 elements of programming generally needed to serve the public interest, including the use of local talent, service to minority groups, weather and market reports, and programming in the children's, educational, religious, agricultural, and public affairs realms.⁶⁰⁰ In the 1970s, the FCC disseminated instructions for broadcast stations to best ensure that they were meeting community needs—focusing on helping stations determine for themselves what these needs were.⁶⁰¹ Such instructions were imperfect, but they nonetheless represent a more substantive policy towards the public interest requirement than what we have in place today. It was only in the 1980s, amid the broader tide of government deregulation, that the FCC began walking back its role in more actively applying this requirement, so that, in the words of Becky Chao, a policy analyst at New America's Open Technology Institute, "the public interest became essentially what interests the public."⁶⁰²

Given the FCC's own history of applying a thematic but content-neutral approach towards evaluating and enforcing these requirements, PEN America believes that the agency should reclaim its public interest mandate.

Improve broadband access across the country

Recently the FCC declared, "Broadband access is critical to economic opportunity, job creation, education and civic engagement."⁶⁰³ Implicit within this statement is the acknowledgment that broadband technology—high-speed internet service that is connected to a non-cellular, terrestrial source—is critical for the production and consumption of news. And yet, there is a digital divide: there are still large swaths of the country—particularly in rural areas—that do not have access to fixed high-speed broadband internet. Additionally, where broadband is available, the cost can be prohibitively high.⁶⁰⁴ The FCC has estimated that over 21 million Americans lack broadband service,⁶⁰⁵ but others offer far higher estimates;⁶⁰⁶ Microsoft, for one, puts this number closer to 160 million.⁶⁰⁷

The absence of broadband internet has several



*Federal Communications Commission chairman
Ajit Pai*

consequences for local news ecosystems. Without it, consumers have fewer digital options for accessing news, and journalists struggle to effectively report and write stories. And the poor, rural communities that are more likely to exist in a newspaper desert, are the same ones more likely on the wrong side of this digital divide—leaving them with little possibility for a digital-native news outlet to fill the gap. Mobile wireless internet is a poor substitute. Though it is more widely available than fixed broadband, it tends to be slower, and it limits most users to activities that they can perform on their phones.⁶⁰⁸

In the past year, as part of an initiative called the Connect America Fund, the FCC has begun providing approximately \$1.5 billion in funding—spread over the next decade—for the expansion of rural broadband into over 700,000 homes and businesses in 45 states.⁶⁰⁹ This funding is a step in the right direction, but more is needed. The FCC is currently in the midst of a notice-and-comment period on another, bigger initiative, the Rural Digital Opportunity Fund, which would commit more than \$20 billion over the next decade to supporting high-speed broadband access throughout the country.⁶¹⁰ PEN America recommends this approach and sees it as providing a big boost for Americans' access to local news.

Addressing the destabilizing impact of tech giants

Some of the most far-reaching and significant plans to reverse the local news crisis attempt to address the ways that technology companies have destabilized and damaged the revenue model for commercial news outlets.



Activists set up a 'digital billboard' across the street from the FCC in July 2018, protesting Sinclair's attempted takeover of Tribune Media.

One major proposal is an ancillary copyright tax, or "link tax", which would require search engines and content aggregators to pay publishers in order to link to or reproduce snippets of their content. In Europe, both Germany and Spain have implemented national link taxes. More significantly, a European Union-wide directive that includes the link tax passed earlier this year.

Another major proposal is more direct: a tax on the revenue that tech giants generate from targeted advertisements. Free Press, a U.S.-based nonprofit, has fleshed out a detailed plan along these lines, including the proposal that such revenue would go to directly supporting local public interest journalism.⁶¹¹

Ancillary copyright, or the "link tax"

A link tax would require search engines and content aggregators—encompassing the services of technology companies like Google and Facebook—to pay a licensing fee whenever they link to or reproduce snippets of content created by a third-party publisher, such as a media outlet. As in the system of royalties in music, tech companies would pay a fee proportional to the number of times their services appropriate snippets of a publisher's text. This concept is sometimes referred to as an ancillary copyright, or as "the Google tax."⁶¹²

Europe has been experimenting with link taxes for several years. France previously levied a one-time link tax on Google, which in 2013 paid €60 million not directly to news producers but rather into a fund for

digital news, in return for permission to list news articles in its search results.⁶¹³ In 2013, Germany implemented its Ancillary Copyright for Press Publishers law, and Spain enacted a similar law the next year.⁶¹⁴

The link tax's track record in both Germany and Spain, however, has been poor. Most experts have concluded that both country's laws have been counterproductive, hurting media outlets and smaller news aggregators alike.⁶¹⁵ In Germany, Google responded to the law by simply asking German publishers to waive their rights to ancillary copyright fees. After watching traffic on their websites plummet, several publishers that had initially refused eventually caved, granting royalty-free licenses to Google.⁶¹⁶

In Spain, before the law went into effect, Google shut down Google News within the country.⁶¹⁷ Google News' exit from Spain, according to one study, ended up costing Spanish publishers approximately 10 million euros, with smaller publishers suffering most.⁶¹⁸ While news sites overall experienced a 6 percent drop in traffic, smaller ones saw a drop of 14 percent.⁶¹⁹

But Google News' exit was not the only negative effect: the report also noted that some smaller Spanish aggregators, sites and services that primarily existed to provide curated information to niche audiences, such as comics fans or video gamers, shut down as a direct effect of the law.⁶²⁰

Yet the link tax marches on. In 2019, the European Union passed a link tax law as part of the larger Copyright in the Digital Single Market Directive, or



Newsstand in Asturias, Spain

“copyright directive.”⁶²¹ Activists for an open internet have largely decried the link tax, while many media organizations and publishers continue to support an EU-wide link tax.⁶²²

An EU-wide law, proponents say, would provide publishers and regulators with far greater bargaining power to compel Google to remain at the table rather than simply abandoning markets. The soundness of this theory remains unclear, particularly as the EU directive will be enacted on a country-by-country basis, each one deciding for itself such issues as whether the tax should be mandatory or at the discretion of publishers.⁶²³ Large aggregators could still threaten to pack up shop in response to stricter versions of the directive, as a way of pressuring countries to adopt more lenient versions. Google, for its part, has previously floated the idea of exiting Europe entirely if the continental link tax goes into effect.⁶²⁴

Many advocates agree with the EU’s diagnosis of the problem but think the proposed solution is prone to unintended consequences. Joe Mullin, an analyst for the advocacy group the Electronic Frontier Foundation, which opposes such ancillary copyright proposals, explained in an interview with PEN America that: “these are not Google-specific laws. These are laws [that affect] a lot of small aggregators. When you look at the principle of the laws, we’re talking about quoting and linking.”⁶²⁵

Citing a “freedom to link,”⁶²⁶ some fear that a tax could open the door to restrictions on—or liability for—everyday re-posters. “Today the targets may be Google and Yahoo,” wrote tech writer Frank Moraes, “but eventually it could be any website—especially

social media websites.” Moraes and others frame the link tax as an issue of free expression and fair use: “We’re talking about something incredibly simple—the right to say to others, ‘Check out this story.’”⁶²⁷

In the past few years, both the European Court of Justice⁶²⁸ and the European Court of Human Rights⁶²⁹ have decided major cases that help shape the contours of the continent’s recognition of a freedom to link, and it is logical to expect more such cases in the future. EU countries have until 2021 to adopt the copyright directive and incorporate it into their own domestic laws.⁶³⁰ In fact, it is likely that not all member countries will have implemented the directive by then, so a full rollout will take several years.⁶³¹ But some countries are moving forward faster than others; France’s implementation of the Directive is set to take effect at the end of October 2019.⁶³² Google has already responded to France’s move by saying it will show only article headlines in French news search results, rather than paying publishers to show snippets of articles in these results.⁶³³

PEN America believes that any link tax proposal must, at the very least, be narrowly tailored to ensure it cannot be applied in a way that causes writers, bloggers, or everyday posters to second-guess the decision to post or reproduce a link or that penalizes them for doing so. A lack of such safeguards could dampen digital discourse and chill freedom of expression. Given both these free expression concerns and the unsuccessful rollout of the link tax in Germany and Spain, PEN America remains skeptical of this policy as an effective solution to

the local news crisis, but will refrain from making a final determination on the merits of this policy until the EU regulation provides researchers with a more developed track record to evaluate.

Taxing digital ad revenue

In recent years, several academics, including Nobelist Paul Romer and University of Pennsylvania media scholar Victor Pickard, have called for a tax on tech giants, the proceeds of which would be used for public goods.⁶³⁴ In February 2019, Free Press, a nonprofit focused on protecting local journalism and press freedom, unveiled the most detailed such proposal to date: a tax on paid, targeted online ads, with the revenue directly supporting public interest journalism. Much like a carbon tax on oil companies, the authors argued, a tax on targeted ads could be levied to “counteract how the platforms amplify content that’s polluting our civic discourse” such as misinformation and hyper-partisan content.⁶³⁵

The revenue from these taxes could be used, Free Press argues, to create a Public Interest Media Endowment that would fund journalism initiatives emphasizing “local journalism, investigative reporting, media literacy, noncommercial social networks, civic-technology projects, and news and information for underserved communities.” Such a Media Endowment could be—and would indeed need to be—designed in a way that preserves editorial independence for the outlets and initiatives that it would support financially.⁶³⁶ Alternately, the authors propose, the revenue could go toward already existing public media initiatives, most centrally the Corporation for Public Broadcasting (CPB), although Free Press wisely notes that such a move would require additional guidelines and increased public input to ensure democratic accountability.⁶³⁷ As one option, a 2 percent tax on digital ad revenue would raise an estimated \$2 billion a year: not enough to solve the local news crisis, but enough to make a dent.⁶³⁸

As Google and Facebook have profited enormously from a business model that siphons revenue from news producers and redirects it toward themselves, the disseminators—helping to fuel the crisis in local news and the entire field of journalism—fairness demands that they contribute to the solution. While specific plans must be careful to preserve editorial independence (something this report discusses in greater depth in the following pages), PEN America supports the idea of using an ad-revenue tax to infuse much-needed funding back into local news ecosystems.

Expanding public funding

Confronted with the weakened state of local journalism

By 2006, U.S. postal subsidies for newspapers and magazines had dropped to 11 percent of mailing costs. That amounts to a decline from the equivalent of approximately \$2 billion in annual subsidies in 1970 to less than \$300 million today.

and its repercussions, media policy experts have begun to take a hard look at the potential for expanding public funding. This is a controversial idea. Many journalists fear that publicly funded media will inevitably lead to government interference in editorial decisions. As a free speech advocacy organization, PEN America is vigilant against government threats to editorial independence. Public funding for news gathering raises questions about the press’s ability to report fairly on the officials who indirectly support their salaries, and those concerns would need to be addressed.

It is also important to evaluate these concerns within a historical and international context, however. The U.S. government has indirectly subsidized commercial media since this country’s founding and has directly funded public media for decades. Many other high-income, democratic countries fund their press at considerably higher levels and have successfully developed models that preserve editorial independence. It is worth examining whether the United States could revamp and expand its own model with appropriate safeguards. Given the scale of the local news crisis, PEN America believes that U.S. policy makers must seriously examine ways to expand public funding for journalism—or risk the further collapse of local news ecosystems, especially in poor and rural areas.

Government support for media in the United States

The U.S. government has never had a truly hands-off approach toward funding the media. The Founding Fathers established a long-standing tradition, dating back to 1792, of providing substantial postal subsidies to help defray the mailing costs of periodicals.⁶³⁹



“I entertain an high idea of the utility of periodical Publications: insomuch that I could heartily desire, copies of...Magazines, as well as common Gazettes, might spread through every city, town and village in America. I consider such easy vehicles of knowledge, more happily calculated than any other, to preserve the liberty, stimulate the industry and meliorate the morals of an enlightened and free People.”
—George Washington, 1788⁶⁴⁰

In 1970—the year the United States Postal Service was established—the government subsidized 75 percent of these costs.⁶⁴¹ This number has shrunk drastically in the years since. By 2006, postal subsidies for newspapers and magazines had dropped to 11 percent of mailing costs.⁶⁴² That amounts to a decline from the equivalent of approximately \$2 billion in annual subsidies in 1970 to less than \$300 million today.⁶⁴³

The newspaper business has also long received subsidies in the form of sales and income tax breaks amounting to hundreds of millions of dollars annually,⁶⁴⁴ as well as income from federal and state government postings of public notices and ads. In fact, the federal government is one of the country’s largest advertisers; the Government Accountability Office estimates that it spends nearly \$1 billion annually on advertising and public relations contracts, with a significant amount of these expenditures going to media advertising.⁶⁴⁵ Currently, however, both state and federal governments are increasingly attempting to move their advertising to the digital realm, which will deplete already anemic ad revenues for local news

outlets.⁶⁴⁶ This past year, in response to a push by D.C. Delegate Eleanor Holmes Norton, the House Appropriations subcommittees responsible for funding 12 federal agencies reported that they would begin disclosing the amount of money these agencies spend to advertise in minority-owned media outlets.⁶⁴⁷

The government has also traditionally supported the news through its funding of public television and radio, though these expenditures are remarkably modest compared with those in other wealthy democracies. The federal government contributes only approximately \$2.60 of public funding per American per year,⁶⁴⁸ while states tend to give far less.⁶⁴⁹ Federal support for funding has also regularly faced existential threats since its inception, with Republican legislative leaders, as well as several Presidential administrations, making attempts to deeply reduce or eliminate such funding.⁶⁵⁰

Thirty-six U.S. states directly support public media, through appropriations for state-level public broadcasting outlets.⁶⁵¹ Annual appropriations vary significantly—from over \$30 million in Utah (\$8.70 per capita, the highest figure)⁶⁵² to approximately \$1.5 million in Illinois (1 cent per capita).⁶⁵³ Even within the past decade, however, some states have cut public funding for broadcasters completely—including Rhode Island and New Hampshire in 2012,⁶⁵⁴ and Alaska for the upcoming 2020 fiscal year.⁶⁵⁵

All of which is to say that government support for the media—including through public funding—is at a historical low, but it’s far from an alien concept.

International models for funding the media

Public funding for media in many high-income democracies significantly outstrips that of the United States. While many of these countries tend to view the role of government differently than the United States. In general, such policies also reflect a societal view of journalism as a public good, and thus an industry worthy of government support.⁶⁵⁶ American public media funding ranked lowest among 18 high-income democracies studied in 2014; at that time, their average level of public funding was approximately 28 times that of the United States.⁶⁵⁷

In 2011, Rasmus Kleis Nielsen, director of the Reuters Institute for the Study of Journalism at the University of Oxford, and Geert Linnebank, former editor-in-chief of Reuters, analyzed the media support model for six countries—Finland, Germany, the UK, France, Italy, and the United States. They found that, in democratic countries across the globe, the most significant forms of public support for media tend to fall into three major categories:

1. Public funding for public and/or nonprofit outlets;

2. Direct support for commercial media organizations—including through subsidizing the costs of producing or distributing news; and
3. Indirect support for media organizations, such as through tax exemptions or discounted rates for government services.⁶⁵⁸

There is an important distinction between support for *producing* news (such as grants to supply the resources to cover a story) and support for *distributing* news (such as postal subsidies for newspapers that mail their issues to subscribers). Nielsen explains that a major advantage of the distribution model is that it supports the news “without giving politicians or civil servants a chance to make judgment calls on the content of the journalism itself.”⁶⁵⁹ Perhaps for this reason, government support for commercial media in the United States has largely focused on distribution.

While all of the European countries offer a robust combination of public funding alongside other forms of direct and indirect support, the United States is the outlier, with what Nielsen and Linnebank called a “minimalist model”: low levels of support for public media combined with low levels of indirect subsidies for private outlets.⁶⁶⁰ Several European governments have also, in recent years, shifted their subsidy models to focus more on the costs of producing news, where the need is greater. In today’s digital environment, Nielsen says, distribution is no longer the “bottleneck” that it once was, while the high cost of news production still represents a serious barrier to news outlets’ success.⁶⁶¹

Other democracies have adopted a variety of subsidy sources that the United States has not, including subsidies to lower the cost of a newspaper’s formation,⁶⁶² to offer favorable government loans to struggling papers working to improve their technology,⁶⁶³ and to give tax breaks for newspaper subscription sales.⁶⁶⁴ Often the revenue for public funding comes from licensing fees—payments by institutions and individual households for access to television or radio broadcasts.⁶⁶⁵ In the United Kingdom, for example, licensing fees comprise approximately 75 percent of the operating budget for the public British Broadcasting Service (BBC).⁶⁶⁶ Other public funding models rely on funds from designated tax items or from more general government appropriations.⁶⁶⁷ In countries throughout Scandinavia, some newspapers receive lump sums from the government.⁶⁶⁸

In Sweden, since 1971, an administrative governmental body has provided subsidies based on a paper’s revenue and circulation—to every newspaper except the dominant paper in a given media market.⁶⁶⁹ The

result, one American journalist writes, “has been a substantial reduction in newspaper closures, and Sweden has avoided the inevitable effect of the free market on the daily press: the one-newspaper town.”⁶⁷⁰

Shifting market forces have impacted media organizations across the globe.⁶⁷¹ In contrast to the U.S., however, other high-income democratic countries have responded to the problem by leveraging and expanding government commitments to their media sector, including by shoring up support for their own public media:

- In 2017, the BBC helped form a Local News Partnership composed of more than 700 local news providers that has reportedly generated over 30,000 local stories.⁶⁷²
- In 2018, Canada’s legislature approved an additional \$600 million (in Canadian dollars) in government funding for journalism. The funds will be dispersed through a tax credit for news outlets that produce original content, a tax credit for individual consumers who purchase digital news subscriptions, and greater tax deductions for individuals and foundations that donate to nonprofit news sources.⁶⁷³
- In 2009, France implemented a €600 million subsidy to the newspaper industry, offering 18-to-24-year-olds a free, government-paid subscription to a newspaper of their choosing.⁶⁷⁴ (This year, a group of American academics released a policy proposal arguing that the United States should attempt a similar program, giving a \$50 “media voucher”—via an income tax write-off—to support Americans’ news consumption.)⁶⁷⁵

The fact that public funding mechanisms have worked well in other democracies is no guarantee that they will work in the United States, or that they could be implemented consistently with constitutional guarantees of a free press. But each of them—from indirect subsidies to direct public funding—represents a model that U.S. policymakers could evaluate and potentially adapt to the U.S. context.

Public funding proposals in the United States

If the United States government subsidized the news media at the same level that other high-income democracies subsidize their public broadcasting sectors (an average of \$74.8 per capita per year), this would translate to an additional \$23.4 billion in funding per year.⁶⁷⁶ Representing less than 0.05 percent of the \$4.75 trillion federal budget in 2020,⁶⁷⁷ this sum would be enough to replace a significant amount of



the newspaper revenue lost since 2005 and ensure a baseline of local news coverage for communities across the country.

The last time the prospect of expanding public funding for journalism was seriously debated by media policy experts and reform advocates was in 2009-2011, in the aftermath of the Great Recession. Since then, even as the local news crisis has deepened, the debate has waned. Recently, advocacy groups, such as the Free Press, have been arguing for its re-entry into public discourse.

Admittedly, with a highly polarized Congress and a White House that is openly hostile to the media, it is difficult to imagine building broad-based political will to increase public funding. But support for a robust, free media should be a bipartisan cause, and it is critical to start the conversation and deepen understanding in Washington of the need to approach this problem at scale and long-term.

PEN America believes it is time to take a serious look at proposed new public funding models. Current plans for increased federal funding that would directly fuel the production of local news tend to fall within one of two camps: a significant reimagining and expansion of the Corporation for Public Broadcasting (CPB) and the creation of a new fund or endowment dedicated to the production of local journalism. PEN America examines both options in turn.

Reinvesting in—and reimagining—the CPB

The CPB, a federally funded but private corporation with an annual budget of approximately \$450 million, distributes funds to more than 1,100 public radio stations and 300 public television stations across the country.⁶⁷⁸ Several media reform advocates have argued that CPB's mission and operations need to be dramatically overhauled and its funding expanded to produce and protect local news reporting.⁶⁷⁹

In 2009, Columbia Journalism School Dean Nicholas Lemann commissioned journalists and academics Leonard Downie Jr. and Michael Schudson to produce a report, "The Reconstruction of American Journalism," which was an influential early effort to offer big picture solutions to the local news crisis. Among its critiques of the CPB:

- Funds tend to subsidize the infrastructure of local outlets, such as construction and maintenance of broadcast facilities, rather than news-gathering activities;
- Funds go disproportionately to public television, which produces comparatively little original reporting, and to other outlets that distribute others' content rather than producing their own;

- Resources could be better oriented toward communities with weaker local news ecosystems rather than toward better-resourced metropolitan areas.⁶⁸⁰

The report recommendations included several proposed reforms to the CPB:

- Every radio and television outlet receiving CPB funds should be required to run a minimum amount of local news reporting;
- CPB should increase funding for new local news coverage initiatives by public stations;
- CPB should incentivize collaborations between public stations, nonprofits, and university news organizations.⁶⁸¹

The report also recommended that Congress "change its name to the Corporation for Public Media, support its efforts to move public radio and television into the digital age, specify public media's local news reporting mission, and significantly increase its appropriation."⁶⁸²

Ten years later, former CPB board member Howard Husock advanced his own proposed reorientation. "As a conservative," he wrote in a July 2019 op-ed in *The New York Times*, "I'm not quick to invoke the term 'market failure' as a justification for government intervention. But that's exactly what the decline of local journalism requires." He explained further: "Of the \$445 million distributed annually by the CPB, on whose board I served from 2013 to 2018, some \$320 million is distributed directly to local television and radio broadcasters—including for the production of local content. In practice, however, the bulk of these funds do not stay in their local communities. Instead, local stations use the funds to purchase national programming and for dues to NPR and PBS." Husock argued that the solution was "a major redirection" of the nation's public funding practices, "towards support of local journalism."⁶⁸³

Husock breaks with other CPB reform advocates, however, in saying that this reorientation need not include additional public funding.⁶⁸⁴ Michael Copps, a former FCC commissioner, disagrees. "When you talk about reallocating, that would be one small step for man," he says. "But the one giant leap for mankind would be to put some real money, put some support, into this. That's what public media needs."⁶⁸⁵

All of these proposals represent significant changes that would reconstitute the CPB—from an organization that subsidizes the infrastructure of public broadcasting to one that contributes financially to the production of local news across media.

Creating a new public fund for journalism

A more ambitious idea than reforming the CPB is to create a new public fund for the production of journalism. This idea first surfaced in 2009,⁶⁸⁶ to much debate. That year, Yale Law School professors Bruce Ackerman and Ian Ayres argued that democracies worldwide needed to create a national endowment to fund investigative journalism.⁶⁸⁷ Several months later, Downie and Schudson's report included a few paragraphs calling for the establishment of a similar body, a national Fund for Local News.⁶⁸⁸ That short proposal generated significant controversy and gained little traction. The nonprofit Free Press recently revived the idea, calling for the formation of a Public Interest Media Endowment to distribute billions of dollars, financed by a tax on digital ad revenue.⁶⁸⁹

Both the Fund for Local News and the Public Interest Media Endowment represent a new entity that would operate as a grant maker, funding an array of grantees in the field of journalism. In this respect, it would be similar to the National Endowment for the Arts, the National Endowment for the Humanities, the National Institutes of Health, and the National Science Foundation—all independent federal agencies that employ grant making to foster advancement in their fields.

The Fund for Local News would disperse its resources to affiliated state-level Local News Fund Councils, which would make the ultimate funding decisions.⁶⁹⁰ The Free Press's Endowment model similarly raises the idea that state and local bodies could be the ultimate decision-makers for which initiatives receive funding.⁶⁹¹

But the two proposals rely on different funding mechanisms. Unlike the Free Press's proposed agency, which would be financed by a tax on ad revenue (see "Taxing Digital Ad Revenue," page 66), the Fund for Local News envisions fees collected by the FCC, applying to either "telecom users, television and radio broadcast licensees, or Internet service providers."⁶⁹² What is important about both dedicated funding streams is that they offer the newly-created institution an operating budget insulated from the yearly-relitigated Congressional allocations process—a process that many academics and media reformers lament as a "fundamental flaw" in the CPB's own institutional design.⁶⁹³

These ideas represent potential models for a new public funding mechanism for local journalism, one that will need to prioritize the critical information needs of local communities. But first, the nation must decide that such plans are worthy of serious consideration.

The public funding debate

Advocates for greater public funding cite the current state of market failure, the increasingly urgent need

“When you talk about reallocating, that would be one small step for man,” former FCC commissioner Michael Copps says. “But the one giant leap for mankind would be to put some real money, put some support, into this. That's what public media needs.”

for access to original local journalism, and the insufficiency of piecemeal responses as rationales for such an ambitious step. As early as 2009, media reform advocates John Nichols and Robert W. McChesney, who would later serve as founding members of Free Press, were making the case to go bold. “Journalism,” they wrote, “like other public goods, is going to require substantial public subsidy if it is to exist at a level necessary for self-government to succeed.”⁶⁹⁴

A significant body of international research helps make the case for the value of publicly funded news outlets. A 2016 analysis, conducted by Oxford's Reuters Institute for Denmark's Ministry of Culture, found that, compared with commercial ones, publicly funded outlets appear to produce more informative content, which contributes to a more knowledgeable citizenry and that public TV stations devote more time to news and current affairs coverage than commercial outlets.⁶⁹⁵ The report also suggests that strong public media is associated with higher voter turnout and with “more realistic perceptions of society” among its viewers.⁶⁹⁶ Other global studies have linked public media with higher levels of political knowledge among their audiences⁶⁹⁷ and with a more accurate understanding of current events.⁶⁹⁸ This may help explain why audiences report greater levels of trust in public news media. In a study of eight Western European nations, citizens report trusting public news outlets more than commercial ones.⁶⁹⁹

Relatedly, it is worth noting that in the United States, polls in the past 16 years have found that PBS is the most trusted source of news and public affairs programming.⁷⁰⁰ Additionally, the American public



appears to overwhelmingly favor maintaining funds for public broadcasting, with 73 percent opposing the Trump administration's most recent proposal to eliminate funds for public television.⁷⁰¹ In other words, Americans value and trust their public media.

One major critique of public funding proposals has been that public funding represents a “bail-out” of an outdated media model. The late Steve Buttry, former Director of Student Media at the Manship School of Mass Communication at Louisiana State University, hypothesized that “powerful media interests that have failed to innovate would get the prime spots at the public trough, just as the powerful banking interests that caused the financial crisis did.”⁷⁰² In fact, Buttry argued, government subsidization may hold back the exact type of entrepreneurial journalism initiatives that could otherwise pave the way forward.⁷⁰³

This critique highlights a key point: The goal of public funding for journalism cannot simply be to prop up struggling media outlets. The real goal must be to better serve the critical information needs of American communities. Achieving it will necessitate a public funding model that prioritizes the production of journalism over the maintenance of specific journalistic institutions, that centers on local media outlets and local news ecosystems, and that diminishes—rather than entrenching—inequities in media access and representation.

Another commonly expressed argument against

more public funding is that it leads to government interference with editorial decisionmaking. Skeptics point to a notorious Bush-era example:⁷⁰⁴ In 2005, the Chairman of the Board of the CPB, Bush appointee Kenneth Tomlinson, hired a consultant to evaluate the “political ideology” of the frequent guests on PBS and NPR shows. Although the CPB refused to release the report, NPR obtained a copy, which revealed that the consultant had graded guests on whether they vocally supported the Bush Administration's policies.⁷⁰⁵ The incident demonstrates an ever-present danger: Political appointees in positions of influence over public media will not always refrain from viewing their content through an apolitical lens. Even our currently-existing national endowments—such as the National Endowment for the Arts or the National Endowment for the Humanities—often emerge as Rorschach tests for our nation's divisive “culture wars” politics.⁷⁰⁶

And yet, democratic institutions can and should be designed precisely to limit the corrosive effect of undue partisan influence on the machinery of governance. Similarly, the intentional and thoughtful design of a new American public funding mechanism for the news will be the greatest determinant of whether such an idea can succeed in practice—with such ‘success’ being defined not only by the creation of local news stories that serve critical information needs, but by the prevention of undue governmental influence over the media landscape.

POLICY PROPOSALS FROM ELECTED OFFICIALS AND CANDIDATES

Several presidential candidates have advanced proposals to address the local news crisis—including through such varied proposals as a moratorium on major media mergers,⁷⁰⁷ the creation of an FCC-administered Local Journalism Fund,⁷⁰⁸ and support for journalism-related bills making their way through Congress.⁷⁰⁹

In Congress, Representatives Mark DeSaulnier of California, David Cicilline of Rhode Island, Diana DeGette and Ed Perlmutter of Colorado, Jamie Raskin of Maryland, and Zoe Lofgren of California—all Democrats—have banded together to create the Working Group on Saving Local News.⁷¹⁰ The group has introduced a resolution and hosted sessions on the House floor to raise awareness and spark conversation about the

threats facing local journalism. It has also proposed legislation. The Saving Local News Act of 2019, sponsored by DeSaulnier in the House, would help reduce the tax-related barriers for newspapers to transition to a nonprofit model by categorizing the publication of written news articles as a tax-exempt purpose.⁷¹¹ The Journalism Competition and Preservation Act of 2019, a bill with bipartisan sponsorship, would give newspapers and digital news outlets a four-year exemption from federal antitrust laws, allowing them to collectively bargain with tech giants for more equitable content-distribution agreements.⁷¹² Both bills indicate that even at a time of heightened polarization and minimal legislating, at least some officials recognize that the local news crisis belongs on the national agenda.

STATE-LEVEL PROPOSALS

In the absence of federal action, state-level policy makers and media reformers have proposed legislation to create funding for local news.

The challenge has been to get state governments to embrace programs of meaningful scope and to allocate sufficient resources. The Civic Info Bill in New Jersey—which started in 2016 as a \$332 million legislative proposal and was eventually reduced to less than 1 percent of that total—is both a landmark achievement and a cautionary tale. Passed in 2018, the Civic Info Bill allocated \$5 million in state funds for the creation of a Civic Information Consortium to “revive, strengthen, and transform local media.”⁷¹³ The bill enabled the Consortium to fund local reporting initiatives and programs promoting media literacy and civic education.⁷¹⁴ When it was first introduced in the New Jersey legislature in 2016, \$332 million in proposed funding was intended to come from the state’s sale of unused public broadcasting airwaves to telecommunications companies, but the government instead used that money to plug budget deficits.⁷¹⁵ The next year, the bill was reintroduced as a \$100 million proposal, then further reduced to \$20 million, and finally to just \$5 million, the level at which it finally passed.⁷¹⁶ When the state’s governor signed it into law, he stripped it of funding altogether, stating that the funds were not available.⁷¹⁷ The legislation remains unfunded, though the governor’s latest budget proposal would allocate \$1 million for it in 2020.⁷¹⁸

Champions of the proposal have argued that the Civic Info Bill represents an important “official statement that communities’ information voids are a problem worthy of government attention,” a positive development on its own.⁷¹⁹ Still, these funding challenges demonstrate the difficult political realities that such public funding efforts must surmount.

New Jersey, however, is not the only state exploring an expansion of public funding for media. This year alone, attempts by activists and legislators to advance state efforts include:

In **Colorado**, the nonprofit Colorado Media Project released a white paper containing a number of recommendations to support local journalism through policy and public funding, including a call for the state to create and fund a public-private partnership to repair ailing news systems.⁷²⁰

In **Ohio**, the nonprofit Policy Matters Ohio released a policy paper calling for the significant expansion of support for statehouse reporting and broadcast media, as well as a new state-funded body, inspired by New Jersey’s Civic Information Consortium, to support original local reporting.⁷²¹

In **Massachusetts**, legislators introduced a bill to create a special commission examining “all aspects of local journalism,” including which communities in the state were underserved as well as potential “public policy solutions to improve the sustainability of local press business models.”⁷²²

Public funding and editorial independence

Many of the news leaders and journalists that PEN America spoke with are increasingly accepting the idea that public funding is not necessarily anathema to press freedom and that it is possible to put safeguards in place to protect editorial independence.⁷²³ As media executive Matt DeRienzo pointed out in an interview with PEN America: “The suspicion is, would you be able to bite the hand that feeds you? And would public officials threaten the money that you rely on if you are writing things that they don’t like? But, in many countries, there’s a track record of government support of news, and the journalism

is excellent and fearless.”⁷²⁴

In fact, a body of evidence suggests that, in developed democracies, government subsidies do not curtail press freedom, nor impede the parallel existence of a robust commercial press. International press freedom groups such as Freedom House and Reporters Without Borders (RSF) consistently measure press freedom in countries around the world, taking into account the legal, political, and economic structures governing the press.⁷²⁵ According to Freedom House’s 2017 Freedom of the Press report, the five countries with the greatest press freedom were Norway, the Netherlands, Sweden, Belgium,



President Lyndon B. Johnson signs the Public Broadcasting Act of 1967.

and Denmark, which all heavily subsidize their news media.⁷²⁶ The United States ranked 33rd on the press freedom list.⁷²⁷ RSF's 2019 rankings are similar: the top five countries for press freedom are Norway, Finland, Sweden, the Netherlands, and Denmark.⁷²⁸ The United States is 48th on the list.⁷²⁹

In considering the risk of government influence, it should be noted that commercial media is subject to other kinds of interference. "Can you say the same thing about advertisers' money?" asks Sarah Stonbely of the Center for Cooperative Media. "Of course you could."⁷³⁰ There are also instances of commercial media owners trying to block journalistic scrutiny of themselves, their businesses, or their associates (see "Investments from Benevolent Billionaires," page 44). Stonbely, who believes that the fear of public funding is "a knee-jerk response," adds: "There is no such thing as an uninfluenced piece of news. It's just a question of where the influence is coming from. And the good thing about government funding is that there's so much scrutiny."⁷³¹

When it comes to commercial advertising, of course, American media outlets have developed generations

of practice and deep consensus on separating the news and business sides of the operations. Individual journalists and media outlets that would apply for funding under any new public model would need to ensure that their own internal standards similarly enshrine such separations. In today's hyper-partisan atmosphere, after all, the credibility of any public funding mechanism hinges on the impartiality, both real and perceived, of both grantors and grantees. Grantees can draw on guidelines offered by groups, such as Editorial Integrity for Public Media, which provides resources and sample policies.⁷³²

But more importantly, any new or expanded public funding mechanism must itself include a series of institutional safeguards designed to prevent the government from imposing its own views on the news. Rasmus Kleis Nielsen of Oxford University points out that an essential attribute of an effective public media model is "a governance structure that ensures accountability and efficiency while maintaining full editorial independence against the government, the civil service, and the legislature on a day-to-day basis."⁷³³

PEN America believes that any significant proposal for a new publicly funded media grant-making institution should include the following:

- As with the CPB and the National Endowments, any public media funding institution should be legally and institutionally separate from other governmental bodies.
- Appointees should be chosen for their relevant professional or subject-matter expertise.
- High-level officers of the institution (such as Commissioners or Trustees, depending on the specifics of the model) should be appointed through a public, transparent, and bipartisan process. Such appointees should have fixed terms.
- Programming and allocation decisions should be made by professional staffers to the fullest extent possible.
- The deliberation and decision-making processes should be public and transparent, including through the maintenance of a publicly available record of such decisions.
- Criteria for eligibility—for grant recipients and allowable grant activities—should be clear and available to the public. The same holds for the process by which applications are evaluated. Such criteria should be content-neutral to the fullest extent possible.

Existing proposals for new public funding structures have been light on these specifics, perhaps because they understandably focus more on arguing for the need for such funding. But these concerns must be taken seriously—and addressed—to make any public funding proposal in the United States viable.

A new Carnegie Commission?

In 1965, the Carnegie Commission on Educational Television, a group convened by the philanthropic Carnegie Corporation of New York, released a report called “Public Television: A Program for Action.” This landmark report led to the passage of the federal Public Broadcasting Act, which established the Corporation for Public Broadcasting and laid the foundation for our nation’s modern public broadcasting structure. Heartily supported and signed by President Lyndon Johnson in the midst of the Great Society era, this legislation can fairly be said to have increased millions of Americans’ access to news and educational information—and to have enhanced American culture.⁷³⁴

Today, more than 50 years later, the need to revive local news systems is a critical issue of national importance. As such, **PEN America believes it is time for a new Carnegie Commission to lay out the blueprint for government support of local journalism in the 21st century**—including through an in-depth examination of potential models for public funding of local news production.

PEN America is not the only entity to make such a call. In 2009, the Free Press proposed that President Obama assemble a White House Commission on Public Media to explore media policy reform, including the need for more public funding.⁷³⁵ Earlier this year, former CPB board member Howard Husock—as part of his argument for a re-imagined CPB—called for a new congressional commission to “reimagine the outdated Public Broadcasting Act and the role of government funding in the media.”⁷³⁶ These two proposals have important differences, yet they share a major commonality: the belief that such a commission should be seen as a spiritual successor to the Carnegie Commission.

PEN America envisions a new Commission on Public Support for Local News, formed by Congress, that will follow in the footsteps of the Carnegie Commission. Given that many proposed media reforms would require appropriated federal funding in order to succeed, legislators should feel ownership over the commission’s resulting recommendations—something more likely to occur with a Congressional Commission.

A Congressional Commission on Public Support for Local News

The Commission on Public Support for Local News

(or “Commission”) would be a policy commission established by Congressional statute.⁷³⁷ Congress should task the Commission with the following four actions:

- **Examining** the state of local journalism in meeting communities’ critical information needs in the United States;
- **Identifying and Analyzing** the full extent to which the federal and state governments currently support local media and the production of local journalism;
- **Exploring** ways the federal government can address the local news crisis; and
- **Evaluating** potential public funding mechanisms to support the production of independent, professional, local journalism.

Legislators should insist that the body be composed of relevant independent experts. In its enabling statute, Congress must include language requiring that Commissioners and staff are specifically qualified, with demonstrated knowledge and expertise in a relevant professional field.⁷³⁸ Congress should additionally designate a bipartisan group of legislators tasked with recommending or choosing these experts—a common process for such commissions.⁷³⁹ A deadline for the publication of the Commission’s final report to Congress should be set in the enabling legislation—balancing the complexity of the examined issue with the need for an effective pace of operations.

In furtherance of its mission and alongside its other powers, the Commission should be specifically empowered to convene additional experts to publicly examine the various ways that a publicly-funded grant-making institution could operate in order to support the production of local news across the country. Such examinations must include discussion of the safeguards necessary to ensure that the federal government is neither unduly influencing the free press nor unfairly propping up some media formats at the expense of others. The Commission should hear from a wide array of voices, evaluating such an option in light of all available information. To the fullest possible extent, these convenings should be public.

Ultimately, the Commission would be tasked with releasing a final report alongside its set of concrete recommendations for what steps Congress may wish to take. The Commission’s enabling legislation must establish that this report, and its corresponding recommendations, will be publicly available upon its submission



to Congress. A public report would galvanize new awareness, engagement, and discussion of the issue, and begin forming the foundation for a renewed public engagement with the nation's local news.

Given the ailing state of the nation's local news ecosystems and its implications for our democracy, a Carnegie Commission for the 21st century—a Congressional Commission on Public Support for Local News—is pressingly needed.

Conclusion

As local news ecosystems erode, the very foundations of American democracy are threatened. The U.S. government has a responsibility to recognize the problem and proactively advance solutions. Through the FCC, the government should tighten regulations on media ownership to prevent consolidation, establish and enforce clear standards for public service

programming, and build a broadband infrastructure that gives all Americans access to affordable, high-speed internet. The government should increase its public funding of news media and consider financing this expansion in part by taxing the technology companies that helped create the current crisis.

Finally, it is worth making clear that PEN America does not envision a new—or dramatically expanded—public funding stream as *the* solution to the local news crisis. It is, instead, part of the solution. Public funding could serve as a pillar for a new national model of journalism that stands alongside both commercially funded media organizations and dramatically increased philanthropic support. Like any other ecosystem, local news ecosystems require diversity to survive. A diverse set of funding streams will go a long way toward restoring local news and meeting Americans' critical information needs.

RECOMMENDATIONS

Local news plays a fundamental role in our democracy, fostering civic engagement and holding government officials and corporations accountable. Its collapse represents a national crisis of such scale and significance that it necessitates philanthropists, private companies, government regulators, lawmakers, civil society organizations, and the public to come together to tackle it. PEN America addresses each of these stakeholders in the recommendations below.

No single approach is, in and of itself, a panacea. To meet the scope of the problem requires a combination of proposals and strategies. After comprehensive research and consultation with experts, PEN America concludes that there is no credible way to restore and revitalize local news without a significant investment of public dollars—potentially funded by a substantial tax on major technology companies. Central among the following recommendations is the call for a Congressional Commission on Public Support for Local News, to systematically examine the state of public funding for local journalism and determine the best ways to enhance it.

Philanthropy

Philanthropic investment in journalism has significantly increased in the past decade, and many news outlets are shifting toward nonprofit models. To address the magnitude of the crisis, more is urgently needed. PEN America recommends that foundations, tech giants, public-minded impact investors, and individual donors:

- **Increase** donations to the journalism sector—dramatically—to more closely approach giving in other sectors that serve the public interest. As a point of reference, annual giving in the arts and culture sector in 2014—the most recent year for which comparable data on giving is available—was 6 times higher than for giving in journalism around that time.
- **Prioritize** investment in news organizations that:
 - Practice original, local, public interest reporting.
 - Reflect geographic diversity, ensuring the inclusion of poor and rural communities as well as towns and midsize cities beyond the coasts.
 - Reflect racial and gender diversity in leadership, staffing, and coverage priorities.

- **Provide** funding opportunities not only at the seed level but also through multiyear grants. Such grants should include funds for reporting, but also for organizational infrastructure, including for staff focused on fundraising and diversifying revenue streams. As philanthropy—and potentially public funding—becomes a larger part of news outlets' revenue base, they will need significant support to build up internal systems to apply for, oversee, and report on grants.
- **Value and prioritize** editorial independence for grantees. Funders should support news outlets' development of internal guardrails to ensure editorial independence from financial supporters, including themselves.
- **Increase** support for and continue to produce publicly available research that assesses the efficacy and sustainability of the many experiments and innovations currently taking place across the media industry, for both commercial and nonprofit news models.
- **Continue** to invest in research that assessing legislative and policy proposals that address both the current crisis and broader inequities in access to news media. Also continue investing in research that examines how the shift toward more philanthropic—and potentially public—funding affects local journalism and its role in civil society.

State- or community-based philanthropic foundations have a uniquely important role to play in addressing the crisis at the local level. To that end, PEN America recommends that local philanthropic actors:

- **Prioritize** local journalism as a worthy area of investment and as a valuable contributor towards the maintenance of healthy and vibrant communities.

News Outlets

Local news outlets are adapting and innovating to survive. While these new approaches hold promise, the best course of action for any individual outlet will depend on its circumstances. With that in mind, PEN America makes the following broader recommendations to local news outlets:

- **Pursue** diversified revenue streams and new business models—including reader-based revenue and philanthropic support—to help reduce reliance on ad revenue. Of central importance is investment in revenue-generating staff, such



as subscription, membership, sponsorship, and development teams.

- **Collaborate** to pool resources, expand capacity and reach, and create efficiencies of scale. Partnerships have included: newspapers collaborating with other papers in their market, as well as with TV and radio stations; local outlets collaborating with national ones and with new journalism-focused nonprofits; and community-driven groups contributing to news gathering at local outlets.
- **Address** historic inequities in news coverage, access, and representation, including through staffing decisions, assessment of community information needs, and investment in reporting on underserved communities.
- **Communicate** to the public the value of local journalism, the challenges it faces, and the importance of supporting it. Experiment with a “solutions journalism” approach to stories by focusing not only on the existence of problems but also solutions.

Nonprofit media outlets, or outlets considering a shift toward a nonprofit model, should:

- **Build** diversified revenue streams, including subscriptions, membership, events, sponsorships, and other channels to lessen reliance on grant funding.
- **Implement and defend** safeguards to ensure editorial independence from funders, adapting existing newsroom traditions, norms, and rules and enacting news ones for noncommercial models.
- **Invest** in systems and hiring in the areas of nonprofit management and revenue development, including teams to seek, manage, and report on grant funding.

Waves of consolidation and cost cutting have been one of the main contributors to the local news crisis. Owners who acquire local news outlets—including private hedge funds and large media conglomerates—should:

- **Commit** greater resources to preserving public service journalism that is local, rather than national, and that meets the critical information needs of communities.
- **End**, to the fullest extent possible, cost-cutting measures that fundamentally undermine the ability of local news outlets to practice accountability reporting.

National news outlets often rely on their local counterparts for original sources, on-the-ground knowledge, and leads on stories of national significance. National outlets that want to support local ones should:

- **Recognize** the role that local reporting plays in elevating local issues to national significance, including by ensuring that local news sources are cited appropriately when they contribute to national news stories.
- **Collaborate** with and contribute resources to local outlets to enable original reporting with both local impact and national significance.
- **Raise awareness** of the scale and severity of this crisis and its impact on American civic life.

Technology Companies

In recent years, technology companies have increased their philanthropic giving to journalism and provided tools and technical assistance to newsrooms. While these efforts are welcome, they pale in relation to the ways such companies have disrupted the business model underpinning local news. To that end, PEN America recommends that technology companies that aggregate and disseminate journalism, such as Google and Facebook, should:

- **Negotiate** with news outlets to develop new, robust, equitable licensing and ad-revenue-sharing agreements. These agreements should incorporate the explicit aim of supporting the financial viability of local news outlets that produce online content. Negotiations for such agreements must include substantive participation from news outlets—including small and midsize ones and those that serve under-represented communities.
- **Minimize** the destructive impact of unilateral changes to algorithms by developing consultation and notification mechanisms with the media industry, including meaningful representation for local news outlets—especially small and midsize ones and those that serve under-represented communities.
- **Increase**, dramatically, donations to local journalism and continue to support initiatives that provide tools and technical expertise for local media outlets looking to develop a more sustainable and revenue-producing digital presence.

Federal Government

As a regulatory body, the Federal Communications Commission (FCC) was formed to protect localism, diversity, and public service in media and communications. It should recommit to these principles through the following actions:

- **Restore** pre-2017 regulations governing the ownership of TV stations, radio stations, and newspapers to prevent further consolidation and homogenization in local news media.
- **Establish** and enforce more significant and specific requirements for public service programming, including requirements for the amount of local news and locally produced content.
- **Ensure** universal broadband access for all Americans, including through the envisioned implementation of the Rural Digital Opportunity Fund, so that digital news can be consumed in every community.

Federal and state lawmakers should:

- **Recognize** the urgent and important need for government action on the local news crisis. To this end, PEN America applauds the formation of the Congressional Working Group on Saving Local News.
- **Explore** legislation and policy to reduce roadblocks for media outlets aiming to innovate or adapt to new market realities.

PEN America sees no solution equal to the scale of the crisis that does not include a major expansion of public funding for the production of local journalism. Congress and the executive branch should:

- **Recognize** the civic and democratic necessity of strong local news ecosystems and approach the industry as a “public good” rather than a “market good.”
- **Increase** financial support for local news to approach the levels of support in other democratic, high-income countries (models that could be used to inform the structure of public funding mechanisms in the United States).

PEN America strongly urges federal lawmakers to convene an independent Congressional Commission on Public Support for Local News. This new commission should:

- **Evaluate** the current state of local news in meeting community's critical information needs throughout the country.
- **Assess** the effectiveness of relevant federal laws, institutions, and programs in supporting the production of local news—including, most centrally, the Corporation for Public Broadcasting (CPB). The commission should evaluate how the CPB could be reoriented to better support the production of original, local news gathering.
- **Examine** potential mechanisms for the creation of a new public funding model—and/or the significant expansion of current models—for the production of local news.

The commission should evaluate potential mechanisms for public funding, including the imposition of a tax on the digital ad revenues of tech companies, such as Google and Facebook, with funds earmarked for the subsidization of local news production. PEN America endorses the principle of such a tax and believes that a government body—such as the commission—is best placed to offer the final word as to how the tax should be levied.

The commission should end with a publicly available report describing its findings and conclusions and offering a set of public recommendations for steps that Congress may wish to take.

PEN America recognizes that new public funding for news will require significant protections to ensure that the government does not unduly influence the media. Therefore, any public funding structure that federal lawmakers consider implementing should include:

- Guardrails designed specifically to help ensure editorial independence from government actors, such as a distinct, independent legal and financial structure for the funding institution.
- Transparency measures such as regular, publicly available reports that detail how funds are allocated, who administers them, the criteria that applicants must meet, and the process by which applicants are evaluated and approved.
- Regulations ensuring that those administering the funds are chosen for their subject matter expertise, with fixed terms.
- A public, bipartisan, and transparent selection processes for high-level institutional officers.



- Funding or appropriation mechanisms that sufficiently stabilize the funding agency and insulate it from partisan pressures or disruptive political shifts that would affect its grant-making ability.
- A funding structure designed to ensure diversity among grant recipients, including geographic diversity.

Civil Society and Academic Institutions

Civil society organizations and academic institutions should:

- **Raise** awareness to the public of the severity and significance of the local news crisis and its impact on communities and on democracy.
- **Educate** the public on the integral public service role that journalism plays as a foundational pillar of democracy and civic life.
- **Promote** research on legislative and policy proposals, the efficacy and sustainability of current media innovations, and the impact of the shift toward philanthropic and public funding models for local journalism.
- **Advocate** for greater transparency in the ownership of local media outlets, particularly those affected by consolidation.

News Consumers

Finally, everyday news consumers can play an important role. To encourage the production and sustainability of local stories that are important to them, news consumers can:

- **Subscribe** to and join membership programs for local news outlets.
- **Donate** to local news outlets (such as public media and nonprofit outlets).
- **Speak** or write to elected and appointed officials about the importance of local news and the need for more public funding and send comments to the FCC about their deregulation efforts.
- **Inform** news outlets of local stories that need to be told.

PEN America believes it is imperative to advance as many of these initiatives as possible. Some of them represent an emergency response, while others propose a fundamental reorientation of our media ecosystems toward an explicit recognition of journalism's value to society. By viewing local news as a public good and designing solutions accordingly, we can create local news ecosystems that address systemic inequities and meet the critical information needs of every community in America. If we don't act soon, the damage will only deepen—harming our civic life, our ability to hold the powerful to account, and our democracy.

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