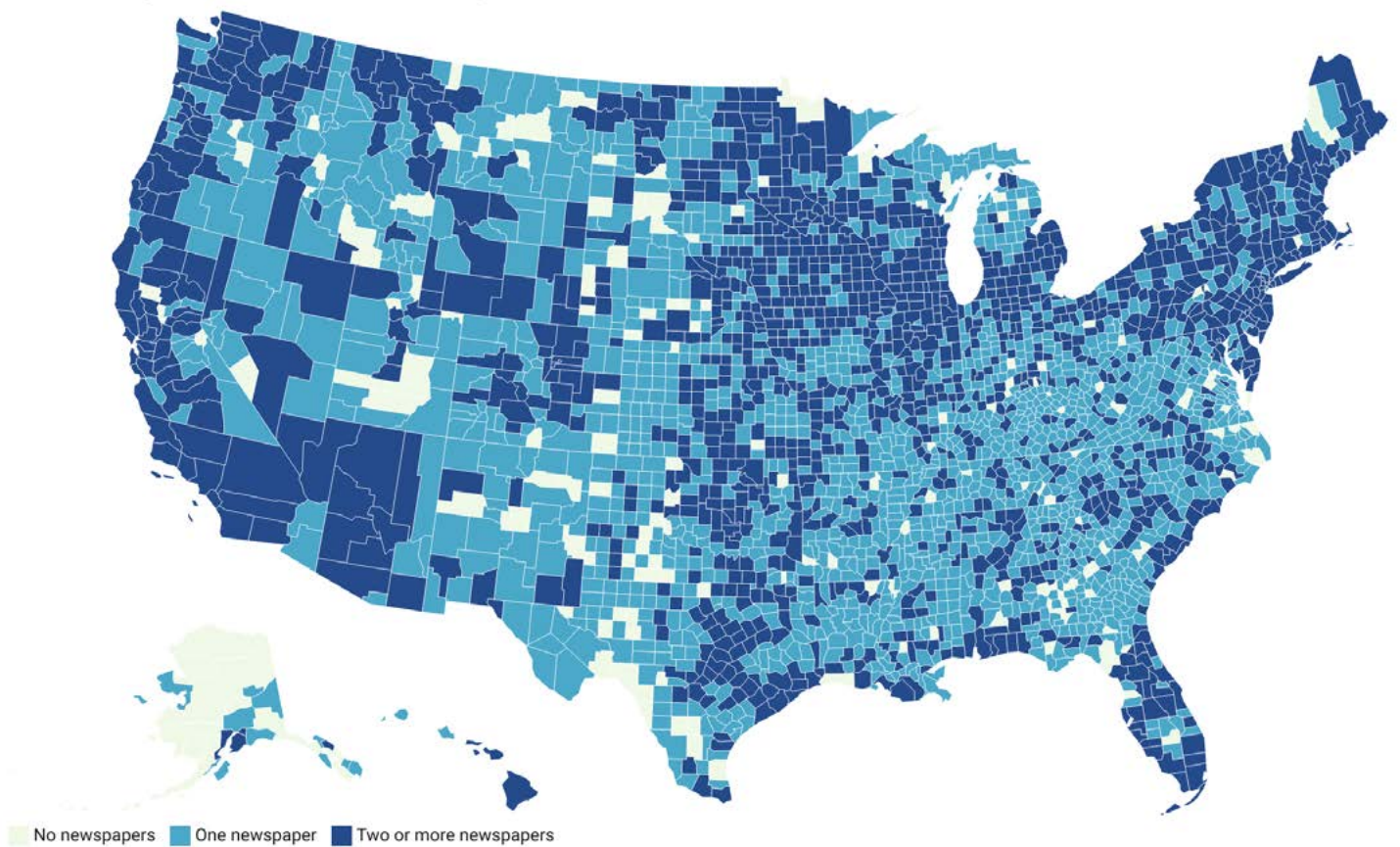


# The State of Local News 2022



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Local News Initiative

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# The State of Local News 2022

Expanding News Deserts, Growing Gaps, Emerging Models

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# Executive Summary

**T**his is a nation increasingly divided journalistically, between those who live and work in communities where there is an abundance of local news and those who don't. Invariably, the economically struggling, traditionally underserved communities that need local journalism the most are the very places where it is most difficult to sustain either print or digital news organizations.

The loss of local journalism has been accompanied by the malignant spread of misinformation and disinformation, political polarization, eroding trust in media, and a yawning digital and economic divide among citizens. In communities without a credible source of local news, voter participation declines, corruption in both government and business increases, and local residents end up paying more in taxes and at checkout.

This is a crisis for our democracy and our society. Troubled by the potential consequences, journalists,

policymakers, philanthropists, industry executives, scholars and concerned citizens have stepped up efforts to save local news. Philanthropic donors, as well as venture capitalists, are funding more journalistic endeavors. Government officials are considering new regulations and public subsidies to address the issue. And many newspapers and digital organizations are adapting and finding success, especially in larger markets or affluent communities, where there are more funding options.

Timely interventions—backed by a

combination of for-profit, nonprofit and public dollars—averted the demise of many news organizations during the COVID-19 pandemic. Even so, the decline in local newspapers continued, while digital alternatives, once seen as the savior, remain nonexistent in most communities that have lost a newspaper. Commercial broadcast and public media have not been able to fill the void.

Understanding what is working and where there are still gaps in the flow of reliable and timely news and information helps individuals and organizations devise solutions to rebuild and sustain local journalism in those communities that, so far, have been overlooked by entrepreneurs and potential funders. This is very much an industry in transition, with much at stake. There is an urgent need to not only arrest the continuing decline in local newspapers, but also revive local journalism in those communities without it.

An earlier report by Northwestern University's Medill School of Journalism, Media, Integrated Marketing Communication examined the challenges confronting local journalism in democracies around the world. This Medill Local News Initiative report documents the state of local news in this country, post-COVID-19, focusing on

the health of both local newspapers and digital sites. Here are some of the key findings:

**Newspapers are continuing to vanish at a rapid rate. An average of more than two a week are disappearing.** Since 2005, the country has lost more than a fourth of its newspapers (2,500) and is on track to lose a third by 2025. Even though the pandemic was not the catastrophic “extinction-level event” some feared, the country lost more than 360 newspapers between the waning pre-pandemic months of late 2019 and the end of May 2022. All but 24 of those papers were weeklies, serving communities ranging in size from a few hundred people to tens of thousands. Most communities that lose a newspaper do not get a digital or print replacement. The country has 6,380 surviving papers: 1,230 dailies and 5,150 weeklies.

**Digital alternatives remain scarce, despite an increase in corporate and philanthropic funding.** Over the past two years, the number of new digital-only state and local news sites, 64, slightly exceeded the number of sites that went dark. In 2022, there are 545 digital-only state and local sites; most employ six or fewer full-time reporters. Each state has at least one digital-only outlet. However, even established local digital

news organizations often fail to attract the monthly traffic of television and local newspaper sites, somewhat diminishing the impact of the stories they produce. Four out of ten local sites are now nonprofit, supported by a combination of grants, sponsorship and donations. But whether nonprofit or for-profit, the vast majority of those sites are located in larger cities, leaving much of the rest of the country uncovered.

**More than a fifth of the nation's citizens live in news deserts—with very limited access to local news—or in communities at risk of becoming news deserts.** Seventy million people live in the more than 200 counties without a newspaper, or in the 1,630 counties with only one paper—usually a weekly—covering multiple communities spread over a vast area. Increasingly, affluent suburban communities are losing their only newspapers as large chains merge underperforming weeklies or shutter them entirely.

However, most communities that lose newspapers and do not have an alternative source of local news are poorer, older and lack affordable and reliable high-speed digital service that allows residents to access the important and relevant journalism being produced by the country's surviving newspapers and digital sites. Instead, they get their

local news—what little there is—mostly from the social media apps on their mobile phones.

**The surviving newspapers—especially the dailies—have cut staff and circulation significantly as print revenues and profits evaporated.** This has sharply reduced their ability to provide news to communities that lose a weekly newspaper, further exacerbating an information gap not only in rural areas, but also in suburbs surrounding a city. Since 2005, when newspaper revenues topped \$50 billion, overall newspaper employment has dropped 70 percent as revenues declined to \$20 billion. Newsroom employment has declined by almost 60 percent, with on-staff photographers declining by 80 percent. Only employees in production and distribution and advertising sales fared worse on a percentage basis than journalists. Accountants and operational managers, charged with making sure expenses did not exceed revenue as profits plummeted, had the most job security.

**The largest chains control the fate of many of the nation's surviving newspapers. Their business strategies and decisions continue to shape the local news landscape.** Recent research has shown that, even in their diminished state, newspapers still provide most

of the news that feeds our democracy at the state and local level. So, who owns the country's newspapers has a profound impact on the abundance—or absence—of local news. As the number of newspapers has declined, consolidation has increased. The largest chains—most of which are either owned by or indebted to hedge funds, private equity groups or other investment firms—have been the most aggressive in buying and selling newspapers and in shuttering unprofitable ones when they cannot find a buyer. Even after selling and shuttering nearly 130 newspapers over the past two years, Gannett, the country's largest chain, still owns 494 papers in 42 states. The largest 10 chains own more than half of all dailies, including some of the country's largest and most prestigious. The largest 25 chains own a third of all newspapers, including 70 percent of all dailies. Less than a third of the nation's 5,147 weeklies and only 10 of the 100 largest circulation dailies remain independent.

**There is a new—often overlooked—media baron on the scene, aggressively buying dailies and weeklies in small and mid-sized markets.** While recent headlines have focused on the strategic maneuverings of the largest chains—Gannett, Lee, Tribune and Alden, which own most of the newspapers in the country's largest markets—privately owned regional chains have snapped up dozens of newspapers shed by the

mega-chains, as well as smaller family-owned enterprises. Two-thirds of the 90 papers Gannett has sold in the past two years were snapped up by two regional chains, CherryRoad Media and Paxton. Six of the 10 largest owners in 2022 are regional chains, with between 49 and 142 papers in their growing empire. Three of the largest regional chains did not exist a decade ago, while the other three have been family-operated for generations. Since 2020, the most acquisitive have been: the New Jersey-based CherryRoad Media, founded in 2020, which owns 71 papers in 12 states mostly in the Midwest; the 125-year-old, Kentucky-based Paxton Media which owns 120 newspapers in 10 Southern and Midwestern states; and the West Virginia-based Ogden Newspapers, founded in 1890, which owns 101 papers in 18 states stretching from New Hampshire to Hawaii.

**Dailies are becoming more like weeklies, and vice versa, but their business models and strategies are diverging.**

Daily papers used the pandemic and the subsequent economic slowdown to begin aggressively transitioning their readers to digital delivery. The daily newspaper—printed and delivered seven days a week—has already disappeared in many markets. Forty-two of the largest 100 papers in the country now deliver a print edition six or fewer times a week; 11 publish a print edition only one or two or times a week and e-editions on the other

days. Meanwhile, many weeklies and non-dailies have begun supplementing their print editions by publishing daily subscriber email newsletters and routinely updating their websites. While thousands of weeklies have folded since 2005, those in relatively affluent and growing markets maintain strong cash flow and still are able to command multiples of four to five times annual earnings when they are sold. In contrast to large dailies, which rely on subscribers for more than half of their revenue, weeklies continue to receive the majority of their revenue from local businesses who buy advertising and services from them and sponsor their various print and digital publications.

**Despite the recent increase in both corporate and philanthropic funds, the footprint of digital-only news sites is small, and predominantly a big-city phenomenon.** With staffing levels more typical of weeklies in small and mid-sized markets, successful sites must be very strategic about the issues they choose to cover and how they raise money to support their mission. Although there continues to be considerable turnover, especially among for-profit sites, approximately 100 of the 525 active sites in 2022 were founded more than a decade ago. Today, the vast majority of for-profit sites are very locally focused

and tend to rely on both subscriber and advertiser funding in the markets where they are located. Most state and regional sites are nonprofit and focus on issues—such as politics, health, the environment and education—that attract the support of donors and major community and philanthropic foundations. The lack of access to high-speed internet in many communities often limits the reach and impact of the journalism produced by both nonprofit and for-profit sites.

**The disparity between communities that have strong news organizations and those that don't is primarily the result of market demographics, ownership structure and available funding.** Whether print or digital, local news organizations that have entrepreneurial owners and are in affluent and/or growing communities with diverse sources of funding are much more likely to establish and maintain a successful for-profit, nonprofit or hybrid enterprise. Economically struggling and traditionally underserved communities—where residents need journalists providing transparency and oversight of local government and business decisions—are the ones most likely to lose a news organization and be overlooked by funders looking to invest in both for-profit and nonprofit news operations. That loss of local journalism exacerbates political, cultural and



economic divisions between and within communities.

**Getting news to those communities that have lost the news involves rethinking both current journalistic practices—as well as for-profit, nonprofit and public funding policies at the national, state and local levels.** Recent legislative, philanthropic, university and industry initiatives contemplate a range of solutions—including public funding of local news, journalistic collaboration by news organizations, experimentation with new nonprofit and hybrid business models, and investments in alternative news options that target new audiences. Yet, there is much that still needs to be addressed over the coming decade. Extensive research has documented the interrelated issues that arise when local

news dies or withers on the vine. Without the development of new commercial models—as well as increased nonprofit and public funding—the nation faces the prospect of local news being available only in affluent and growing communities, where residents can afford to pay for it.

Strong local news helps us understand those whose experiences and attitudes are different from us, and, in the process, brings us together to solve our most pressing political, economic and social problems. It binds our vast nation of 330 million people together, nurturing both democracy and community. Everyone in the country has a stake in the future of local news, in whatever form it is delivered.

# The State of Local News

*By Penelope Muse Abernathy*

**S**haron Burton is an unheralded warrior in the fight to save local news. From her perch as publisher and editor of the Adair County Community Voice in south central Kentucky, she has spent the past two years rallying the four employees at the 20-year-old weekly as they confronted and overcame the economic and journalistic challenges brought on by the pandemic.

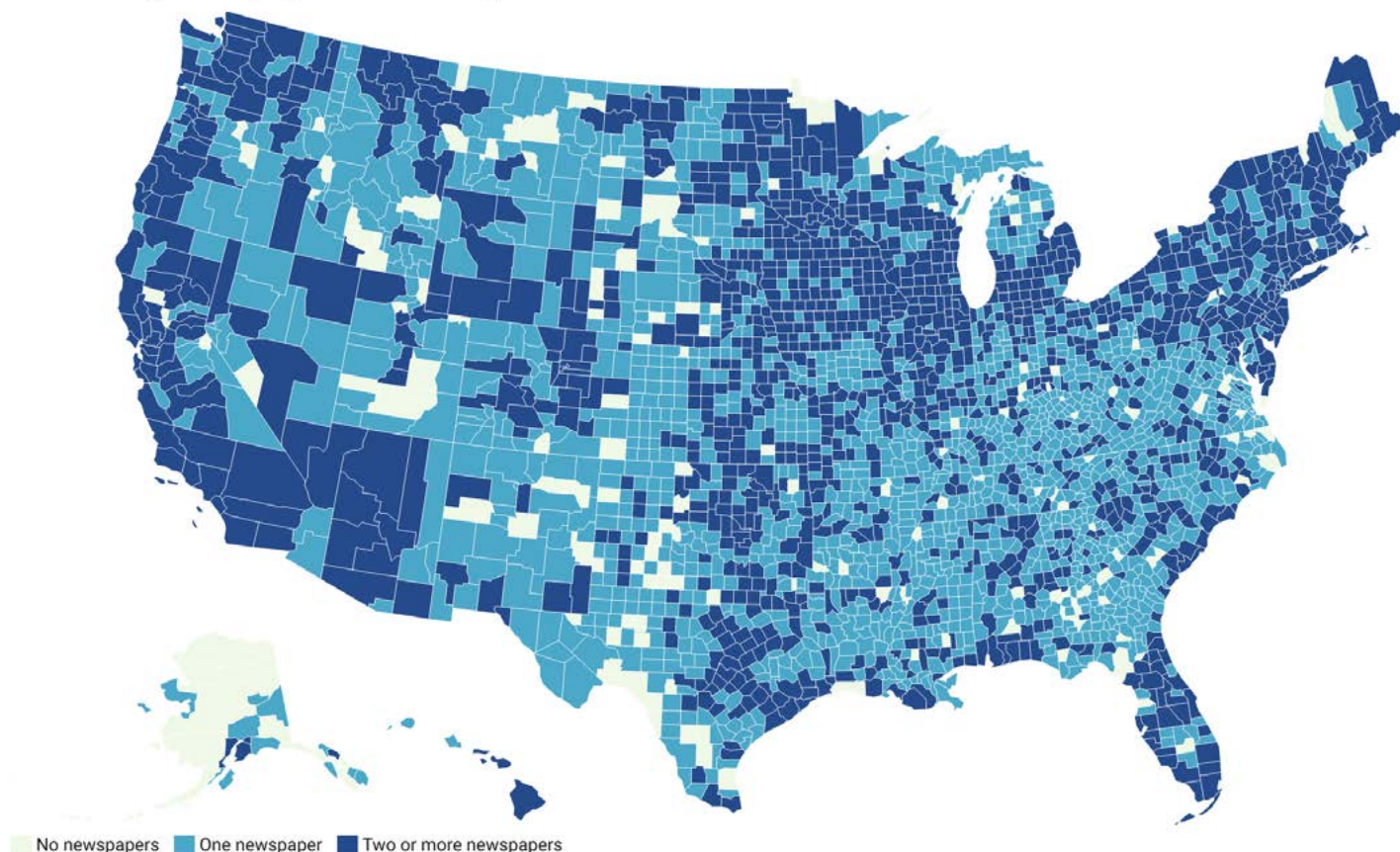
Even with COVID-19 dominating the headlines at the 3,100-circulation paper, Burton continued producing “data-driven reporting” that held local officials—the hospital board, judges and politicians—accountable for their actions, while also shining a spotlight on the other epidemic, drug addiction, in a community where more than one in five of the 20,000 residents live in poverty. As Congress considered the Postal Services Reform Act of 2022, she also worked behind the scenes with fellow newspaper publishers and Kentucky Republican Congressman Jamie Comer on a successful bipartisan effort to expand postal subsidies for

rural newspapers, most of whom depend on the mail for delivery of their papers.

Burton is one of thousands of individuals—owners of newspapers, digital entrepreneurs, policymakers, philanthropists, scholars, industry researchers and concerned citizens—who are carrying the fate of local news on their shoulders.

It’s become routine for newspapers to publish their own obituaries. In recent years, an average of two a week vanish, their names and mastheads becoming historical footnotes. That

## How many newspapers are near you?



**There are more than 200 counties without a newspaper, and 1,630 with only one, usually a weekly.**

*Source : Local News Initiative Database*

equals more than 360 newspapers lost since the waning pre-pandemic months of 2019 through May 2022, and 2,500 newspapers—more than a fourth—since 2005. Some passings are announced with big headlines while others—usually those owned by larger chains—slip quietly away, merged with a sister paper often in cities and counties many miles away. Meanwhile, the number of digital-only local news sites—once considered potential saviors—has remained stubbornly constant over the past five years, fluctuating between 525 and 575, unable to fill the void in most communities that lose a newspaper.

Despite the loss of local news, however, over the past two years there has been a growing realization that the decline is not inevitable. Timely interventions—backed by a combination of for-profit, nonprofit and public funding—averted the “extinction-level” catastrophe that many in the industry feared the pandemic would inflict on local news organizations. These actions are now serving as a blueprint for not only arresting the decline of local news, but also rebuilding and sustaining it.

The next few years will be pivotal for the fate of hundreds of print and digital news

organizations—in rural communities, such as Kentucky’s Adair County, as well as those in urban neighborhoods and suburban towns. If current trends continue unabated, by the end of 2025, we will have lost a third of newspapers and almost two-thirds of journalists employed two decades ago in local newspapers, with only 600 or so news sites attempting to fill the gap.

Today, there are 6,380 surviving general interest local newspapers—1,230 dailies and 5,150 weeklies—and 545 active sites that focus primarily on covering either local or statewide news. Most newspapers are in small- and mid-sized communities, where they are often the sole source of local news, while the vast majority of digital-only news operations—90 percent—are in either urban centers or state capitals, where there are more digitally connected audiences and more access to for-profit and nonprofit funding.

As a result, the nation has a growing—and concerning—disparity in both the quality and quantity of local news available to residents in relatively affluent, growing communities compared to those located in less affluent, digitally-challenged communities. Affluent, growing communities are more likely to have the resources to support both for-profit and nonprofit print and

digital news outlets. They have well-endowed philanthropic organizations and well-off subscribers willing to write a check to support news, as well as advertisers that want to entice residents in those markets to buy their goods and services. Less affluent, smaller communities, where residents live from paycheck to paycheck, are less attractive to advertisers and have, for the most part, been overlooked by potential philanthropic funders and digital entrepreneurs.

The spread of news deserts—where residents have very limited access to credible news and information—worsens political, economic, digital and cultural divisions in this country, threatening the stability and viability of democracy. Strong local news organizations nurture both grassroots democracy and societal cohesion by providing critical information that helps residents in communities—large and small, urban and rural—craft solutions to their most pressing issues and make wise decisions that will affect the quality of their lives and that of future generations.

Local journalists cover the mundane, but often consequential, school board and county commissioner meetings, as well as celebratory community events that nurture a sense of belonging.

Scholars and journalists across multiple disciplines have documented the impact on a community that loses local news, including a decrease in voter participation in local and state elections, increased corruption in both government and businesses and the malignant spread of misinformation and disinformation. Troubled by the potential consequences, a variety of individuals and organizations have stepped up efforts in recent years to reinvigorate local news.

The success of COVID-19 relief loans, which enabled many smaller news organizations to remain open during the pandemic, has encouraged legislators and policymakers—as well as the news industry—to consider other subsidies and regulations. Philanthropic foundations—as well as individuals—have purchased local newspapers, invested in the start-up of news sites focused on covering previously underserved and marginalized communities, and funded the addition of reporters to depleted newsrooms.

Universities are working with print and digital news organizations to research and implement new business models. Entrepreneurial, nimble legacy outlets have transformed themselves by diversifying income streams and growing reader revenue. Instead of retrenching, many newspapers—especially those still independently owned and operated—are investing in their newsrooms, looking to reconnect and engage with residents by making their journalism more relevant and accessible to the communities they serve.

How the country builds on this foundation will influence the fate of not only individual news organizations, but also the communities they cover. There is much at stake for our democracy, as the nation looks ahead to consequential and contested elections this year and in 2024. Without a concerted and coordinated effort at national, state and local levels, many more vulnerable newspapers and sites will likely disappear, leaving their communities at a loss for news.

## The Local News Landscape

The local news landscape in 2022 has been shaped by two decades of major economic and technological assaults that destroyed the longstanding economic underpinnings of local newspapers while hampering sustainability of digital alternatives. The fragility of many local news organizations has been driven by five factors:

1. Unprecedented consolidation in the newspaper industry, which has led to the loss of both local newspapers and journalists.
2. The long-term impact of two major recessions—in 2008 and 2020—that wiped out the local businesses and potential advertisers that still provide most of the revenue and income to newspapers and digital outlets in small and mid-sized communities.
3. A vise-like grip on digital advertising revenue by Big Tech that left print, digital and broadcast outlets unable to support a large newsroom with the digital dollars they've been able to attract.
4. The lack of digital infrastructure, especially in outlying areas and traditionally underserved communities, which hampers the ability of statewide digital sites to get the news to people who need it.
5. The gap in the nonprofit funds

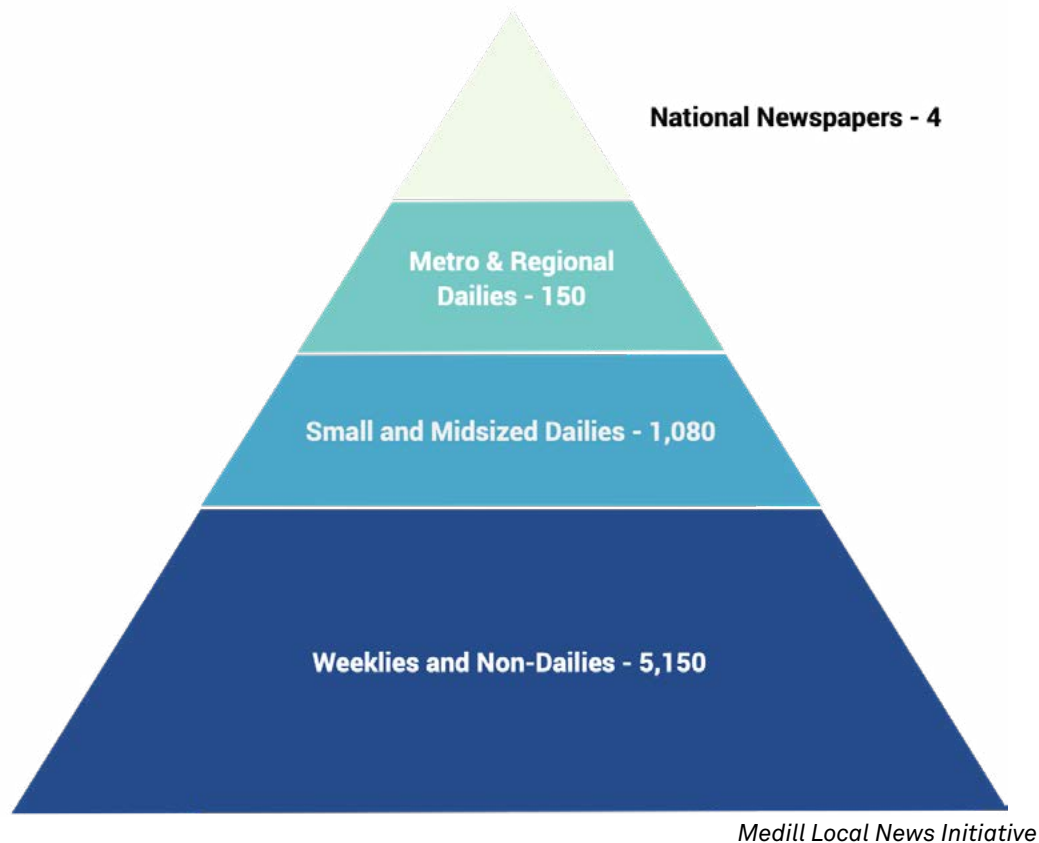
needed to support struggling newspapers and digital organizations in more isolated and economically struggling communities.

In a healthy news ecosystem, the journalists at local print and digital news organizations not only cover the ebb and flow of everyday life in their communities, but also alert reporters at national and state newspapers, regional television stations and larger digital operations to developing trends and major occurrences that deserve broader attention. Journalists at these larger organizations, in turn, produce the majority of the investigative and beat reporting that prompts legislation and policies to correct problems. As cracks form in the base and local print and digital news outlets struggle to gain traction or disappear, the journalism of the national and state news organizations is also compromised.

### The Local News Ecosystem

The newspaper ecosystem in 2022 consists of 150 large metro or regional daily newspapers, and 6,230 small community dailies or weeklies. The four large national newspapers—The New York Times, Washington Post, Wall Street Journal and USA Today—are excluded

## The Newspaper Ecosystem



from analysis in this report which focuses on local news. However, by some estimates, as much as 85 percent of the news eventually picked up by national news organizations originates with local and state newspapers, which today employ 31,000 journalists, almost 60 percent less than in 2005.

Excluding the large national sites—such as Pro Publica and special interest sites, such as Inside Climate News and Chalkbeat—the digital news ecosystem consists of 273 independent local sites, 95 state or regionally focused news sites, as well as more than 170 local business

and special interest sites, community newsletters and a growing number of “networked” local outlets, some of which span multiple states. Almost 70 percent of the local sites and community outlets are for-profit enterprises, while 80 percent of state and regional sites are nonprofit. Many of the regional news sites focus on specific issues—such as health, the environment and education—that attract funding from foundations and individuals with a specific interest in that topic. Approximately 16,000 journalists worked on digital-only news operations in 2021, however, that total includes thousands of journalists at

large national sites and organizations. The typical state or locally focused news site employs fewer than six journalists.

The Federal Communications Commission has identified eight categories of information that residents in every community need in order to make wise decisions—at the voting booth or in the grocery store. That list includes information on education, health, public safety, governance and the economy. A study by Duke University, which analyzed 16,000 news items produced by local and regional outlets in 100 mid-sized markets, found that between 60 and 80 percent of the articles produced by newspapers and digital-only sites focused on one of these “critical information” topics—significantly more than radio, television or any other local medium. So, their survival is critical to maintaining a robust news ecosystem.

Over the past three years, entrepreneurs have managed to establish new newspapers in three dozen markets and eight states—including Florida, Kentucky, Iowa, Minnesota and Colorado—and five dozen digital outlets in more than six states, including California, Georgia, Oregon and Massachusetts. The largest states—California, Illinois, New Jersey, New York

and Texas— have the most digital news outlets focused on covering either local or statewide issues.

More sparsely settled Midwestern states—such as North Dakota, Iowa, Nebraska—have the most community newspapers per capita.

In a digital era when scale matters, community newspapers in small and mid-sized markets, and for-profit local and neighborhood news sites, have been the most vulnerable and difficult to sustain.

All but approximately 100 of the 2,500 newspapers that have disappeared since 2005—and all but 24 of the more than 400 papers shuttered over the past three years—were small weeklies or non-dailies, some circulating only a few hundred copies in their final days. (Factoring in the three dozen papers that were started by entrepreneurs, this represents a net loss of 360 papers over the past three years.) Half of the papers that vanished ceased publishing entirely, either in print or online; the rest were merged into another paper owned by the same company. While the merged paper often maintained a website with breaking news about the community, the connection was diminished. Journalists were laid-off and the building that had



housed the newspaper was sold.

In contrast to newspapers, there has been a small net gain in the number of local- and state-focused news sites since 2019. While 45 independent digital-only news outlets disappeared or became inactive, 64 new ones were established. Half of the new sites were nonprofit, while almost all the outlets that closed were for-profit sites; most were very locally focused, covering a specific urban community or neighborhood.

Many of the shuttered for-profit sites relied primarily on digital advertising revenue from local merchants to fund the news operation and were dealt a fatal blow during the pandemic when

restaurants and other businesses shut down.

While every state has at least one digital outlet that focuses on either state or local news, many of the sites primarily cover a single topic—such as education, environment and politics—leaving newspapers to scope out and cover general interest state and local news. Since 2005, all states have lost newspapers. Small states, such as Hawaii, Vermont and New Hampshire, lost five or less. Illinois, the sixth largest state with a population of 12.7 million, has lost the most newspapers, 200 of the 573 papers published in 2005, mostly due to the demise of several chains of weeklies in the Chicago area. However, over the past decade, Minnesota,

## Demographic Profiles of Counties without Newspapers

Demographic Measure	News Deserts	U.S.
Average Poverty Rate	16%	11%
Average Median Annual Income	\$51,942	\$67,521
Average Median Age (Years)	43	38
Average Percent of Residents with Bachelor's Degree or Higher	20%	38%

*Source: Medill Local News Initiative Database and US Census Bureau/Created with Datawrapper*

Wisconsin and South Dakota, have lost the most newspapers per capita, compared to the current number of residents in the state.

### **The Spread of News Deserts**

“News deserts” are communities where residents have very limited access to credible and comprehensive news and information that feeds grassroots democracy and builds a sense of belonging to a community. A fifth of the country’s population— 70 million people—either live in a “news desert”, or in a community at risk of becoming one.

The nation has 3,143 counties (and equivalents):

- Four million people live in the more than 200 counties that have no local newspaper. The counties range in size from several hundred residents to several hundred thousand. Only six of those counties have a digital alternative that provides either state or local news. All but five states—Arizona, Hawaii, Iowa, New Hampshire and Ohio—have at least one county that does not have a newspaper located within its boundaries.
- More than half the counties—1,630—have only

one newspaper, usually a weekly with a small reporting staff. Only 70 of these counties have a local digital alternative. Especially in the western half of the country, those single-newspaper counties, which collectively have 66 million residents within their borders, can encompass several thousand square miles, dotted with multiple small and mid-sized communities, each with their own unique governance structure and issues.

- Two-thirds of the nation’s counties—2,000—have no daily paper. Fewer than 100 of these counties had a digital substitute. By necessity, the main source of local breaking news for residents in many counties without a daily paper becomes social media or television stations, often located in cities miles away, or in another state.

Texas, which has 254 counties—more than any other state—has two dozen counties without a local newspaper. Half of the counties without a newspaper—100—are in the South, which has some of the poorest states in the country.

Almost all the communities where entrepreneurs established a new newspaper were growing rapidly

and had relatively affluent residents. St. Lucie and Martin, adjacent counties on the east coast of Florida, are representative. Both counties have household incomes that are comparable to the U.S. average. St. Lucie, with a population of 350,000, grew 25 percent in the past decade; Martin, with a population of 162,000 grew at a 10 percent rate. Hometown News, a multimedia agency that owns a chain of community papers in five Florida counties, established weeklies in St. Lucie and Martin counties.

Communities that have lost newspapers—and don't have an alternative source of local news, either print or digital—tend to be the ones that most need real-time news and information. For the most part, residents of those communities are poorer, older and less educated than the average American.

Sixteen percent of residents who lived in the six counties that lost their last surviving newspaper between 2020 and 2022 are living in poverty, compared to the national average of 11%. In Bamberg County in South Carolina, Raleigh County in West Virginia and Ziebach County in South Dakota, between 20 and 40 percent of people live in poverty.

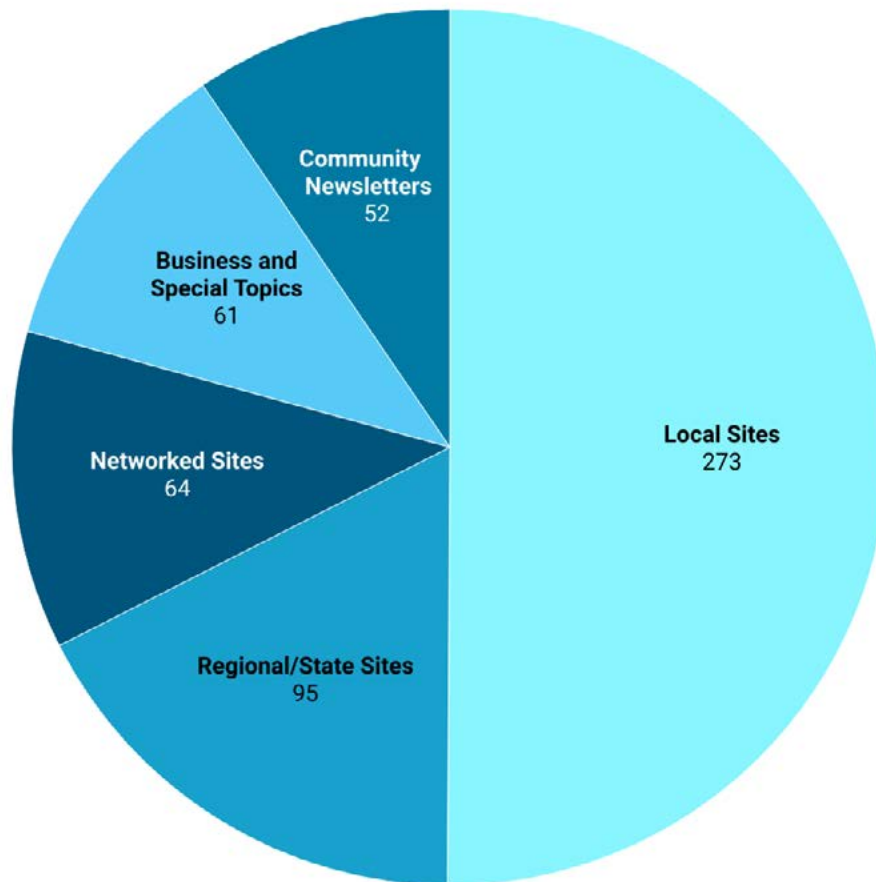
More than half of the communities that have lost newspapers are in suburban

or rural areas, where the population is shrinking, rather than growing. Rural counties that lost newspapers were often located 50 miles or more from a major metro market and were losing population.

Del Rio, the county seat of Val Verde County in southwest Texas, is more than 150 miles west of San Antonio as the crow flies and more than 200 miles by highway. Sixteen percent of the 49,000 people who call Val Verde home live in poverty, compared to the U.S. average of 11 percent. The Del Rio News Herald, circulation 4,400, published its final edition in November 2020, with the owner, Southern Newspapers Inc., stating that revenue for the paper no longer covered payroll.

Counties such as Val Verde are often cut off from state and regional news, as well as local news. The regional daily newspaper, once delivered to their homes, no longer circulates a print edition to residents in these outlying counties. Except when there is a rare major weather or disaster story, reporters from regional and state news organizations do not set foot in these isolated, sparsely populated counties. And, in many states such as Colorado, Kentucky and Wyoming, residents in “orphan counties,” which are usually located along a state border, receive only

## Local and State Digital Ecosystem



Source: INN, LION and Medill Local News Initiative Database

the signals of stations in neighboring states. As a result, they face significant obstacles in getting information on state and Congressional races in their own state. Researchers estimate as much as 10 percent of the U.S. citizens of voting age live in an orphan county.

### The Digital Divide

In most of these poor and isolated counties, residents also lack reliable and affordable access to digital news sites. Various sources estimate between

a fourth to almost half of the residents in rural communities, as well as some economically struggling suburban and urban areas, do not have access to reliable high-speed internet. Even when high speed internet service is available, many residents cannot afford the price, which averages between \$65 and \$125 a month, and can run as high as \$200 or more when other fees are factored in. According to a 2021 survey by the Pew Research Center, more than 40 percent of residents with annual household incomes below \$30,000 do not have

access to broadband or high-speed internet services at home. Residents in those communities tend to rely almost exclusively on their smartphone for accessing news—usually on social media—and for performing other tasks, such as filling out job applications or doing homework. This lack of access to high-speed internet means that many of the in-depth and investigative articles produced by the country's 95 state and regional sites are never read by people most in need of the information.

The 11-year-old Carolina Public Press, which began as a digital-only site covering 17 counties in the mountains of North Carolina, has expanded in recent years to cover all 100 counties in the entire state. Though broadband is widely available in the cities, the counties in the eastern and western part of the state are digitally challenged. Founder and editor Angie Newsome worries “a lot about how we get our journalism over the last mile into the home (of the person we’re trying to help).” This concern has prompted the Press to undertake a project to map news gaps by region and explore how residents in those communities prefer to receive news, including texts, and in what language (English or Spanish). In contrast, many residents in close-in suburban and urban areas have an abundance of media options that

allow them to access information on multiple platforms, using a variety of instruments. This digital flexibility also gives advertisers multiple ways to reach residents. That is why most local digital sites have clustered around metro and heavily populated areas, where they can more easily reach scale and attract both subscriber and advertising revenue. One of the most ambitious local digital projects is TAPinto, a network of 90 franchised sites in New Jersey, New York, Pennsylvania and Florida. Founded in 2008, Tapinto sites offer daily local news updates, as well as a variety of marketing and advertising services. The content and marketing services are shared by the sites. Franchisees include journalists, as well as nonprofit organizations and business development and public relations firms.

The Infrastructure Investment and Jobs Act passed by Congress in 2021 seeks to bring affordable broadband to those areas cut off from the digital highway. In the meantime, the country is divided between those who have digital access and those who don't. The digital gap drives the journalistic gap in the country—between those with abundant local news options and those without. Closing the information gap in many communities depends on also closing the digital gap.

## The State of the Industry

Who owns the country's news organizations has a profound impact on the abundance—or absence—of local news. As Sharon Burton, founder and editor of Kentucky's Adair County Community Voice puts it, "I own the business and the clock is mine," so she can set both journalistic and business priorities and respond quickly to the needs of the community without having to consult with corporate owners. When local businesses were forced to close or curtail hours during the initial phase of the pandemic, her weekly provided free advertising space "to those in peril." As a result, she reports, "We lost revenue, but nothing like it could have been, and all because we developed a (business) plan to help those in need."

While most state and local digital sites are operated independent of one another and employ journalists who live in the community they report on, less than a third of the nation's 5,150 weeklies and only a dozen of the 150 metro and regional dailies are locally owned and operated. Even as the universe of newspapers shrinks, newspaper chains have grown to historic proportions, having acquired thousands of papers in all 50 states. The largest 10 chains own more than half of all dailies in the

country—including some of the largest and most prestigious. The largest 25 chains own a third of all newspapers, including 70 percent of all dailies.

As the country seeks to rebuild local news and encourage local ownership, it confronts the impact that these media barons have had on local news over the past two decades. The largest chains have been the most aggressive in buying and selling newspapers, merging or shuttering unprofitable ones when they cannot find a buyer, and cutting costs and staff at surviving papers. Most are privately held, so the owners have no obligation to explain their strategic and financial decisions, identify their largest shareholders and report yearly earnings. Yet, their decisions reverberate across thousands of communities where their dailies and weeklies are located, and simultaneously influence the business and journalistic strategies employed by smaller print and digital news outlets that compete with them for readers and advertisers.

### **The Giants: The Mega-Chains and Regional Barons**

The largest owners are divided into two groups: the mega-chains, owned

by, or indebted to, large hedge funds, private equity groups or other investment firms, and large “regional” chains, which have taken advantage of low interest rates and cash flow from other operations to accumulate hundreds of newspapers in small and mid-sized markets in dozens of states.

Most press attention over the past three years has focused on six of the largest chains—Gannett, Gatehouse, MediaNews Group (also known as Digital First), Tribune, Lee and McClatchy—all of which are owned partially or in full by investment firms. Post the 2008 recession, these companies used debt—often borrowed at high interest rates from other companies in their portfolio—to gobble up financially distressed publicly traded and privately held chains. More recently, they’ve focused on buying one another. Since 2019, there have been:

- Two “friendly” mergers—The \$1.1 billion purchase in 2019 of Gannett by Gatehouse, financed by an 11.5 percent loan from a private equity firm, and the \$140 million purchase in 2020 of BH Media by Lee

#### Largest 25 Owners in 2022 by Number of Papers Owned

	Owner Name	2022 Total Papers	2020 Total Papers	Net Change Papers	2022 Total Dailies
1	Gannett	487	613	-126	236
2	Tribune/MediaNews Group*	190	207	-17	66
3	Lee Enterprises	152	170	-18	79
4	Adams Publishing Group	142	145	-3	37
5	Paxton Media Group	120	75	45	45
6	Ogden Newspapers	101	84	17	55
7	CNHI	92	112	-20	68
8	CherryRoad Media	71	N/A	71	19
9	Boone Newspapers	70	65	5	30
10	Community Media Group	49	57	-8	13
11	Hearst Corporation	48	51	-3	22
12	Advance Publications	40	41	-1	16
13	Black Press Group	40	42	-2	9
14	News Media Corporation	39	43	-4	3
15	Shaw Media	38	39	-1	10
16	Horizon Publications	35	37	-2	23
17	AIM Media	32	46	-14	24
18	McClatchy	30	47	-17	30
19	Wick Communications	26	26	0	11
20	Community Newspapers Inc. (CNI)	26	26	0	3
21	Trib Publications	25	29	-4	0
22	Sample Media Group	25	27	-2	15
23	Morris Multimedia	24	30	-6	3
24	Lancaster Management	24	24	0	2
25	Forum Communications	21	35	-14	10

\* MediaNews Group is also known as Digital First.

Source: Local News Initiative Database

Enterprises, financed at a nine percent interest rate by Berkshire Hathaway, which owned BH Media.

- A bankruptcy, which led to the hedge fund Chatham Assets Management assuming ownership of McClatchy in 2021.
- And two unsolicited and contested bids in 2021 for Tribune Media and Lee Enterprises by Alden Capital, the owner of the MediaNews Group. Only one of those bids—Alden's \$630 million purchase of the Tribune papers—was successful. However, having fended off Alden's hostile bid of \$142 million, Lee is still facing an uncertain future, as other hedge fund managers with substantial stakes in the publicly traded company continue to agitate for improved financial performance.

In 2022, the big three surviving mega-chains—the “new” Gannett, the Alden combination of MediaNews Group/ Tribune and Lee Enterprises—own more than 800 papers, including a third of all dailies, many of which are in the nation's largest markets. Post-merger, the largest chains have been busy merging and selling papers, or shuttering papers when they could not find a new owner. Yet, even after selling and shuttering nearly 130 newspapers over the past two years, the “new” Gannett, the country's largest, still owns 487 papers in 42 states

While the mega-chains captured headlines, another group of newspaper chains aggressively snapped up dozens of newspapers shed by the mega-chains, as well as smaller family-owned enterprises. With newspaper valuations—especially in smaller markets—at an all-time low, they've been able to finance their purchases mostly with the cash flow from existing operations or short-term bank loans.

Six of the 10 largest owners in 2022 are so-called “regional” chains—with between 50 and 142 papers in their growing empire. Three of the large regional chains (CherryRoad Media, Adams Publishing and AIM Media) did not exist a decade ago, while the other three (Paxton Media, Ogden Newspapers and Boone Newspapers) have been family-operated for generations.

Among the newcomers, Adams, the fourth largest chain in the country with 142 papers, and AIM, the 15th largest with 32, began accumulating small family-owned newspaper chains, primarily in the Midwest, a decade ago. Both owners—Mark Adams and Jeremy Halbreich—have extensive media and investment experience, and often close the deals themselves. They operate with very low overhead and corporate personnel. Adams' last purchase was the Hagadone papers in Wisconsin in 2019.



As the pandemic-induced recession set in, both Adams and AIM stopped buying and focused on trimming their portfolio by merging unprofitable and struggling newspapers. Through merging existing operations, AIM has shed 14 papers, including two dailies, while Adams has shed three over the past two years. Unlike Adams and Halbriech, Jeremy Gulban, owner of the digital firm, CherryRoad Technologies, had no experience managing newspapers when he acquired his first weekly in Grand Marais, Minnesota, in 2020. Since then, he's acquired 70 more community papers—including 17 dailies—in 12 states. Two-thirds of the almost 90 papers Gannett has sold in the past two years were snapped up by two large regional chains: CherryRoad Media alone bought 53.

Paxton Media and Ogden Newspapers, the fifth and sixth largest newspaper owners are old-timers—multi-generational, family-owned firms, known for running “efficient” operations with low overhead and—for the most part—lean newsrooms. In 2021, Paxton bought the Landmark chain of 46 weeklies, while Ogden purchased the Swift Communications group in Colorado in 2021 and KPC Media in Indiana in 2022. The 125-year-old Kentucky-based Paxton Media currently owns

120 newspapers in 10 Southern and Midwestern states. The West Virginia-based Ogden Media—founded in 1890—owns 101 papers in 18 states stretching from New Hampshire to Hawaii. Both companies tend to “buy and hold” newspapers, preferring to trim staff instead of trimming papers, but they have also merged or shuttered papers in adjacent or competing markets. After purchasing the Landmark chain in 2021, Paxton merged Landmark's Grayson Record with the Grayson County News-Gazette, acquired from Civitas in 2017. In 2020, Ogden collapsed six weeklies in Iowa into three papers. All but one of the newspapers was located in Tama County, population 17,000. The Reinbeck Courier in Grundy County, population 12,000, was merged with the Northern Sun-Print in Tama.

The other multi-generational, family-owned chain, Boone Newspapers, has purchased more than two dozen papers since 2010. Typically, Boone purchases a couple of papers a year from other family-owners. Over the past three years, Boone has added five papers to its collection, including the Bowling Green Daily News in June 2022. Boone, with headquarters in Tuscaloosa, Alabama, currently owns 70 papers in 12 states, mostly in the South, and is the eighth largest chain.

## Shrinking Newspapers and Disappearing Journalists

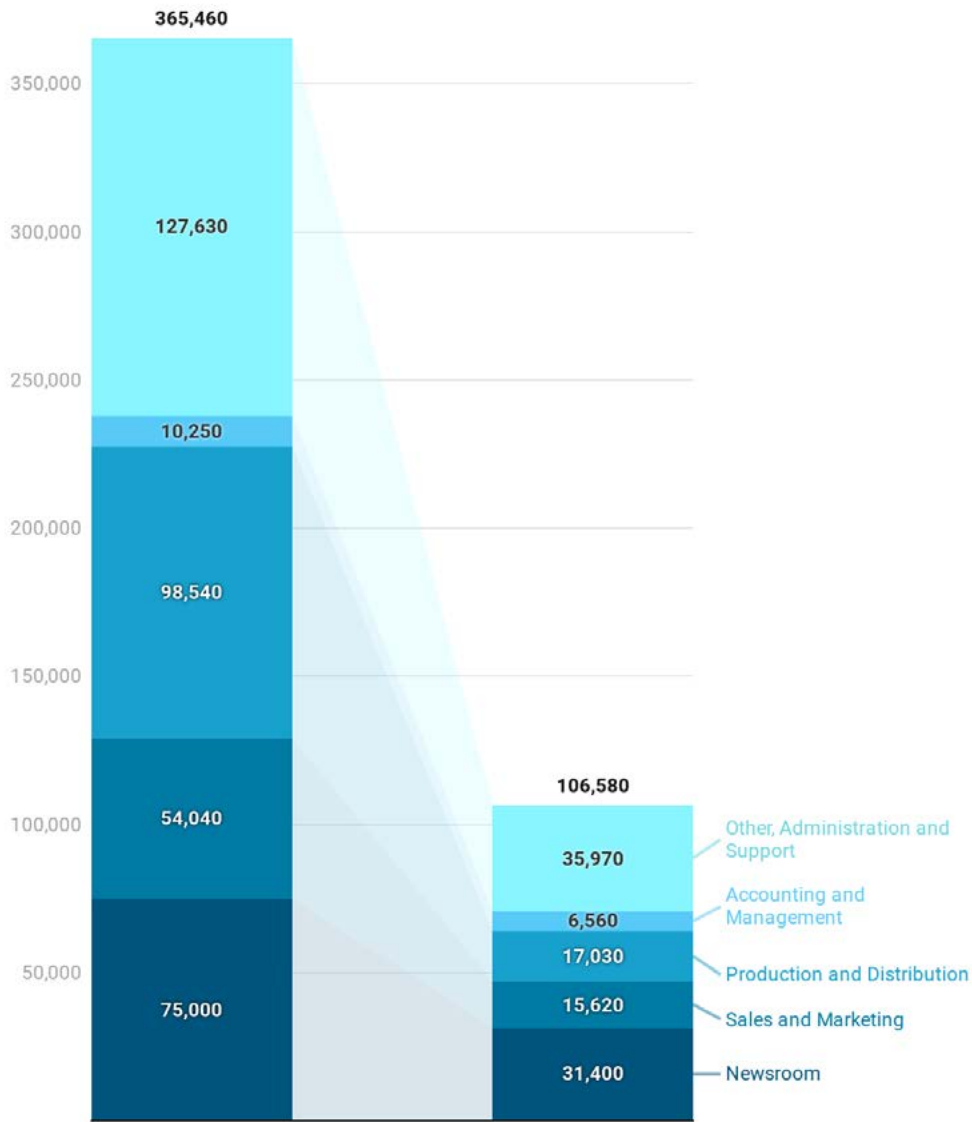
Once they've purchased papers, both the national and regional chains employ a dual strategy that involves consolidating business and editorial functions—such as sales, editing and accounting—while outsourcing printing and delivery of the paper. They often replace publishers and editors at local papers with regional publishers and editors—and then merge the small weeklies with other weeklies in the area or with a larger daily, often in another county. The largest 10 chains have been responsible for a third of the closures and mergers over the past three years, and more than half of the closures since 2005.

These strategies have led not only to the loss of newspapers but also journalists. Even when a newspaper is “saved” buyouts and layoffs inevitably occur. After round-after-round of layoffs, the hometown paper becomes a “ghost newspaper”—a mere shell of its former self, with diminished and depleted newsrooms. Newspapers have traditionally employed more journalists than any other medium. But, the decline in newsroom employment in newspapers has been so unrelenting that in 2017, the number of journalists employed by regional television stations surpassed those employed by newspapers.

A comparison of the data compiled by the Bureau of Labor Statistics illustrates how dramatic the decline in local journalists has been since 2005, when newspaper revenues topped \$50 billion. By 2021, total newspaper revenues had declined 60 percent to \$20 million. During the same period newspaper employment dropped 70 percent, from 375,000 in 2006 to 104,000. Accountants and operational managers, charged with making sure expenses did not exceed revenue as profits plummeted, had the most job security, declining by less than 50 percent, while employees in production and distribution were most likely to be severed. Total employment in production and distribution declined 80 percent as newspapers significantly cut back on circulation in outlying areas and outsourced printing and delivery.

Meanwhile, the number of journalists declined in lockstep with revenue decreases -- by almost 60 percent from 75,000 in 2005 to 31,400 in 2021. The vanishing journalists included investigative reporters, assignment and copy editors, editorial writers, beat and regional reporters employed by the metro dailies, who covered outlying communities, as well as issues of statewide importance, such as education and politics. Staff photographers declined even more than reporters and editors—by 80 percent—as newspapers

## Newspaper Employment: 2006 & 2021



**Total newspaper employment has decreased by more than 70% in the past fifteen years.**

*Source: Bureau of Labor Statistics*

began relying on freelance and wire photos. Many of the chain-owned state and metro dailies that employed several hundred journalists in 2005, had only a few dozen in their newsrooms in 2022.

While employment of journalists employed by digital-only news operations has risen by 10,000 since

2008, it has not compensated for the loss of 34,000 newspaper journalists. Even the largest local and state news sites typically employ fewer than a dozen journalists, and many are solo operations. Overall, New York and California have the most newspaper and digital journalists—5,100 and 3,500 respectively—while Delaware,

Rhode Island and Alaska have the least, approximately 100 in each state. Since 2005, New Jersey and Texas have lost the most newspaper journalists per capita when adjusting for their growth in population during the same time period.

Recent research has quantified how the loss of journalists at newspapers has translated into the loss of local news. Many of the vanquished journalists were among the most senior editors and reporters. At the state and regional dailies, this has led to a decrease in major investigative pieces that change policy, expose corruption and save lives, as well as major analytical and contextual beat reporting on education, health, the state legislature and politics. At the smaller papers, it has resulted in many fewer bylined local news stories.

### **A Return to Local**

The dramatic loss of local reporters—and the subsequent loss of local news—has prompted entrepreneurs, philanthropists and deep-pocket investors to underwrite both newspapers and digital sites, as they seek to reinvigorate local ownership. With a dramatic drop in valuations of newspapers—many of which sell for only a fraction of revenue in 2022—many weeklies, especially in smaller markets, can be purchased for less than

the cost of funding the establishment of a digital-only operation. Recent research has shown that, even in their diminished state, newspapers still provide the majority of the news that feeds our democracy at the state and local level. Plus, a newspaper comes with an existing audience. So, instead of spending money on building an audience from scratch, the owner of a recently purchased newspaper can focus on engaging current readers, while also developing strategies to grow the audience.

In 2021 the National Trust for Local News purchased 24 weeklies in the Denver suburbs and has set up a nonprofit conservancy that consolidates the business functions for all of the papers but leaves in place separate newsrooms to engage with residents in each community. It is a model that founder Elizabeth Hansen believes can work in rural areas, as well as suburban markets. West Virginia University, through its NewStart program created in 2020, is hoping to inspire a generation of journalists to either buy local papers or start news sites that serve marginalized communities. So far, according to the program director, Jim Iovino, 13 students have completed the year-long program; eight have started either for-profit or nonprofit news sites or publications, and five have entered into talks to

purchase community newspapers.

While many of those purchasing newspapers are going small, other investors are going big, establishing well-funded digital-only news operations in major cities. Frustrated in his attempt to purchase the Baltimore Sun from Alden Capital, Stuart Bainum, instead, is investing \$50 million to establish the Baltimore Banner, a nonprofit online-only newspaper, which launched June 15, 2022. The American Journalism Project is pioneering a hybrid “venture” model that has so-far funded the establishment of multi-million-dollar digital operations in Houston, Wichita and Kansas City. The AJP matches community donations one-for-one.

Increasingly, a consensus is emerging that reviving local news in the 21st century involves reestablishing some form of local ownership that is accountable to the community where the news outlet is located. Yet, that also presents some challenges. While large chains lack the organizational flexibility to respond to the unique needs of a community, they are better able than independently owned newspapers and sites to negotiate on price with vendors and offer national and regional advertisers’ access to multiple markets. They can operate more efficiently by consolidating similar activities—such as

production and sales—in a regional hub that serves multiple papers and sites. That is why some digital-only outlets are experimenting with new models, creating formal networks that either encourage journalistic cooperation or centralize sales and other business arrangements. The Colorado News Collaborative is a statewide network of 170 news organizations that work together on stories and offer training and resources to journalists at smaller outlets.

Other networks focus on either building an audience across multiple neighborhoods or multiple cities that will attract advertisers and sponsors, or on offering technology services to other businesses. To date, such for-profit networks are based exclusively in metro areas. Examples include NOLA Messenger, which operates three neighborhood sites in New Orleans, and WhereByUs, with five daily email newsletters in Miami, Seattle, Portland, Pittsburgh and Orlando. The D.C.-based Axios, with daily email newsletters in two dozen cities, is focusing on rapidly building a network that attracts national and regional advertisers and sponsors. The 14 Axios Local email newsletters in operation in 2021—all in major metro markets—had approximately \$5 million in advertising revenues. Axios Local plans to expand to 100 or more cities over the next few years.

## Converging and Diverging Models

Two decades after the collapse of the for-profit business model that sustained local newspapers—and local news—in the 20th century, new for-profit, nonprofit and hybrid models are gaining traction in many communities. As a result, there is not one dominant business model for local news, but many, depending on the community where the news organization is located and the objectives of the owners.

Whether a community has a strong news organization is largely dependent on three factors: the demographics of the community, the ownership structure of the news outlet and the availability of capital. Local news organizations that have entrepreneurial owners and are in affluent and/or growing communities with diverse sources of funding are much more likely to have a successful print or digital enterprise. Economically struggling and traditionally underserved communities—where residents most need journalists providing transparency and oversight of local government—are the ones most likely to lose a news organization and be overlooked by funders looking to invest in both for-profit and nonprofit news operations.

To a degree, strong leadership by an owner, who is both creative and disciplined in their business decisions, can overcome market and funding limitations. Independently owned and operated news organizations have been more experimental than those embedded in large chains. Often to secure for-profit or nonprofit funding, owners must “break out of jail,” as one publisher of a weekly in North Carolina put it, by looking beyond the geographic confines of their hometown for new funding opportunities.

The strategies used by large dailies and weeklies—as well as those for nonprofit and for-profit sites—are diverging. The large dailies and nonprofit sites are relying more and more on readers and members to pay the bills, while the for-profit local sites are adopting strategies more like weekly newspapers, which still rely on advertising for most revenue.

What exactly is a daily newspaper in a digital age? How much are readers willing to pay for local news? What other sources of funding—commercial, nonprofit or public—can support the revitalization of print or digital news organizations in

low-income, traditionally underserved communities? These are just some of the questions that need to be resolved as news organizations seek sustaining business models.

### **The Newspaper Models**

The country has lost many fewer daily newspapers than weeklies. Only four of the approximately 100 dailies closed or merged since 2005 had circulation above 100,000—and all were in two-newspaper cities. The average circulation of the 24 dailies that disappeared since 2019 was 13,000, with the majority serving impoverished, isolated communities. Only six ceased publishing entirely; the rest were merged with other dailies in nearby counties.

Even though the closure of a daily newspaper has occurred with much less frequency than that of weeklies, the surviving dailies—both small ones and large metro papers—have been forced to make difficult choices and take drastic steps as they attempt to survive a steep decline in advertising revenue and low single-digit profit margins. They've outsourced production and distribution of the paper to printers in faraway markets, resulting in early deadlines that prohibit coverage of nighttime meetings and sporting events. They've cut back on

journalists in their newsroom, resulting in fewer news stories to engage readers, while simultaneously raising the price of a yearly subscription to as much as \$600 a year. They've cut back on circulation in counties outside the city or town where they are located—leaving loyal subscribers in outlying regions with no choice but to consult their webpages for up-to-date news.

Most recently, they've begun reducing the days they are printed and distributed. Small dailies owned by the regional chains got a head start. Many began trimming their print days after the 2008 Great Recession, moving from publishing six days a week to only four or five times. They then used the economic fallout from the pandemic to reassess and trim again. In 2021, six small dailies in Kentucky owned by Community Newspaper Holdings Inc. (CNHI), the nation's seventh largest newspaper chain with 92 newspapers, cut back publishing a print or e-edition from five days a week to three days or less, and effectively became weeklies, according to the definition used by the Kentucky Press Association.

For much of the past decade, Advance Publications, which owns 16 dailies, was an outlier among newspaper chains. It began phasing out the daily distribution of many of its dailies, in such cities as

## Total Number of Local U.S. Newspapers: 2004 & 2022

There has been a net loss of 2,511 papers since 2004.



**This net loss takes into account more than 100 dailies that shifted to weekly publication, as well as several dozen new weeklies that were established during that period.**

*Source: Local News Initiative Database*

Ann Arbor in 2009 and New Orleans, Birmingham and Huntsville in 2012, with mixed results, often incurring the wrath of local readers and advertisers.

However, as advertising print revenues have continued to decrease and the cost of printing and distributing a daily to a dwindling number of print subscribers has increased, other large chains have begun paring back days. Over the past two years, two of the largest chains—Gannett and McClatchy—announced that most, or all, of their dailies would convert to a six-day-a-week print schedule. Lee Enterprises converted several of its dailies—including some of its largest—to four times a week or less. In contrast to many small dailies that trim print distribution, most large metros still produce an e-edition each day, and so qualify as a “daily.”

Forty-two of the 100 largest circulation papers in the country now deliver a print edition six or fewer times a week. Eleven publish a print edition only one or two times a week and e-editions the other days. Three independently owned and operated dailies have been the most aggressive and experimental. The Tampa Bay Times and nonprofit Salt Lake Tribune publish print editions only two days a week and only e-editions on the other five. The Arkansas Democrat Gazette, which opted to purchase iPads for its 60,000 print subscribers so they could more easily access the e-edition seven days a week, publishes a print edition only on Sunday.

Digital subscribers at dailies rose more than 50 percent in 2020 and 2021, fueled in part by intense interest in local pandemic-related news. The vast



majority are sticking around, according to research by the [Medill Local News Initiative](#) and the [Spiegel Research Center](#) at Northwestern University. With the price of newsprint, gas, labor and other expenses skyrocketing in 2022, many dailies are expected to collapse their print schedules even further.

[Subscriber revenue](#) exceeded advertising revenue at the country's largest dailies for the first time in 2020. Some strong regional dailies, like the Boston Globe, Minneapolis Star Tribune and the Philadelphia Inquirer, have significantly grown reader revenue and used that revenue to build robust local newsrooms. However, many other dailies are deeply discounting the price of a digital subscription in order to entice print subscribers to convert. The key to the long-term financial success of the digital-only daily paper will be retention of digital subscribers at undiscounted rates. By purchasing iPads to its subscribers, the Arkansas Democrat-Gazette was able to convince its print subscribers to convert to digital delivery and [retain](#) them at the same rate—\$34 a month—as they were paying for seven-day delivery of the print edition.

Amid the push to digital, it is difficult to get accurate and up-to-date numbers on total (print and digital combined) circulation for dailies. The Editor and

Publisher [dataset](#) lists total 2021 daily circulation as 26 million, compared to 50 million in 2004 and 28 million in 2019. Other data is more conservative and appears to be more up to date. Individual metro papers that reported a couple of hundred thousand in circulation in 2005 are now reporting total circulation of between 60,000 and 80,000. The 504 daily papers audited by the [Alliance for Audited Media \(AAM\)](#) between July 2021 and March 2022 reported circulation of 11.1 million, while the marketing firm, [SRDS](#), tallied 18.5 million for all 1,230 dailies in the country in 2021. Both numbers indicate that the reach of metros has decreased significantly over the past two decades, as they have lost print subscribers and failed to attract enough digital-only subscribers in sufficient numbers to compensate. While the number of visitors to the websites of dailies is often in the millions, there currently is no widely accepted and easily accessed tracking system of online readership.

The total print and digital circulation of weeklies is even more difficult to ascertain, since most weeklies and non-dailies choose not to be audited and, instead, “self-report” their circulation. According to Editor and Publisher, the circulation of weeklies declined from 72 million in 2004 to 26 million in 2021. SRDS tallies the current circulation of

the country's surviving 5,147 weeklies as 32.5 million; however, that number includes shoppers and free alternative weeklies.

As dailies cut back on the number of days they publish a print newspaper, they are looking more and more like weeklies. And weeklies are looking more like dailies, with many of them publishing daily email newsletters and routinely updating their sites for breaking news. However, their business models are diverging significantly.

Many weeklies have very small circulations (under 10,000)—and they charge much less for a yearly subscription than dailies, typically \$35 to \$100 a year for home delivery—by mail—of the print edition. In contrast to the metro dailies, they remain much more reliant on print advertising revenues to pay the bills. At many weeklies, subscription revenue accounts for only a third of total revenue. Currently, most publishers do not see subscriber dollars reaching 50 percent in the near-term.

While thousands of weeklies in economically struggling communities have folded over the past two decades, those in relatively affluent and growing markets maintain strong cash flow and still are able to command multiples of

four to five times annual earnings when they are sold. The most successful have been able to diversify their revenue sources, introducing a variety of print and digital publications (including email newsletters and magazines) that retain current customers and capture new ones, while also attracting advertising and sponsorship revenue from local businesses.

The Pilot, a 100-year-old, family-owned twice-weekly in eastern North Carolina with 13,000 in circulation, serves a fast-growing community that backs up on the large military base of Fort Bragg. The owner has aggressively diversified revenue over the past two decades, becoming a regional media enterprise that publishes lifestyle magazines in four of the state's largest cities and a monthly business journal, producing two free daily email newsletters focusing on news and events in the community, creating an in-house digital ad agency to serve businesses in the region, convening conferences and conventions that attract business leaders from throughout the South, and buying a bookstore that serves as a gathering place for the community. Most recently, The Pilot established two streaming radio stations playing music from the 1980's and 1990's, and a daily paid subscriber-only newsletter that focuses on state politics and policies. Today, less than a

third of total revenue comes from the newspaper, but because the company is able to spread the cost of operations over multiple products, all ventures are profitable.

### **The Digital Models**

The business model of successful for-profit local sites is very similar to that of successful weeklies—with the majority of revenue coming from advertising and the sale of other marketing services. Lookout Santa Cruz, founded in 2020 to serve Santa Cruz County (population 276,000) in California, has a total staff of 13 employees, including 10 journalists. Founder Ken Doctor reported that after 18 months of operation, 60 percent of total revenue came from advertising, including display, sponsorship, branded content and classifieds. The other 40 percent came from memberships. In the coming years, Doctor hopes to include philanthropy in the mix. This hybrid model (that incorporates grants and donations from philanthropic organizations and readers to underwrite journalistic projects) has been successfully used by the independently owned The Seattle Times to finance some of its major series.

Currently, 40 percent of the digital-only news operations that provide local or state news coverage are nonprofit.

Like most for-profit sites, successful nonprofit ones have sought to diversify and grow their funding sources, so they are less dependent on grants from foundations, and more reliant on donations and membership fees, as well as sponsorship fees. With staffing levels more typical of weeklies in small and mid-sized markets, successful local and state sites—whether for-profit or nonprofit—have to be very strategic about the issues they chose to cover and how they raise money to support their mission. There continues to be considerable turnover in local digital operations, especially among for-profit sites. However, more than 100 of the 545 active sites in 2022 were founded more than a decade ago. Most of these longstanding sites are for-profit, such as the Tribeca Citizen, established in 2010. The majority of the newer sites, established in the past three years are nonprofit, such as the Indiana Citizen, established in 2020.

A small, but increasing, number of digital-only operations have added a print component to their mix. Even in areas with high broadband penetration, a weekly newspaper or a monthly magazine allows the digital outlet to reach a wider audience with the news it produces and provide local businesses with an advertising option that either reinforces their message with cross-over

## How News Sites are Funded



**Local sites are predominantly for-profit while the majority of state and regional news publications are nonprofit.**

*Source: INN, LION and Local News Initiative Database*

audiences or introduces that message to print readers. Print advertising also sells for much more than digital, bringing in more revenue, at a higher profit margin.

The nonprofit Highland Current in Cold Spring, New York, began as a website in 2010 with a goal of providing “balanced reporting of the news and events of Hudson Valley.” In 2012, a weekly print edition was added. Since then, the paper, which serves an affluent New York City area community of 100,000 with high broadband penetration, has received more than 75 awards from the New York Press Association, as well as more than 70 from the National Newspaper Association. More recently The Fallon Post in Nevada, began as a “virtual online daily paper” in 2019, serving Churchill County, 90 miles from Reno, with a population of 25,000. Beginning in 2021, subscribers who pay \$9.95 a month can also receive a weekly print edition.

In many markets, there is not enough

for-profit or nonprofit money available to support a strong news ecosystem. Communities that lack a vibrant commercial base—businesses that want to advertise and residents who can afford to pay—usually lack philanthropic support as well, since most well-endowed community and family foundations are based in large cities.

Cleveland and Youngstown, Ohio, are examples of this dual disparity in both nonprofit and for-profit resources. Four news sites have either been established or announced plans to launch in the past two years in Cleveland, including The Land, a nonprofit that reports on neighborhoods in and around the city and Capital B, which is supported by the American Journalism Project and tackles issues around race and equity. Most recently, The Marshall Project, a national nonprofit news organization, established a local news outlet to focus on criminal justice issues. The Cleveland Foundation has an endowment of more

than \$3.2 billion and supports numerous organizations in the city. In contrast, 75-miles away in Youngstown, Ohio, which lost its daily newspaper in 2019, the Community Foundation of Mahoning Valley has an endowment of only \$65 million and struggles to meet the many demands on its funds. One in three people in Youngstown live in poverty. In the three years since the Youngstown Vindicator closed, only one digital outlet, Mahoning Matters, has been established. It has three full-time journalists; The Vindicator had more than 30 journalists.

The funding disparity also affects the ability of organizations, such as Report for America (RFA), to place reporters with newspapers and sites covering economically struggling areas, since news organizations in those

communities must contribute at least half of the journalists' salary.

All this points to a need for new policies to address the gap. Although the Local Journalism Sustainability Act, which would have provided tax credits to news organizations that hire journalists, failed to pass in the 2022 session of Congress, several states are considering legislation that would provide tax credits for readers who subscribe to a newspaper or businesses that advertise with local news organizations. Other states, such as Illinois, have established bipartisan task forces to identify at-risk communities and suggest a range of policies and funding to correct the issue. The challenge will be getting public funding to the communities and news organizations that need it most.

## A Path Forward

At a summit on rural journalism, Tom Silvestri, former publisher of the Richmond Times-Dispatch, wryly observed that sometimes there seem to be “more people trying to save local journalism than actually employed in local journalism.”

As executive director of The Relevance Project, Silvestri is one of those trying to save local journalism. Funded by state and national press associations, the Relevance Project seeks to strengthen the connection of local news organizations to their communities through in-person and virtual forums that bring together leaders and ordinary citizens to identify and help solve problems.

Extensive research has documented the interrelated issues that arise when a community loses local news. Without a coordinated and targeted response among individuals, organizations and institutions, the nation faces the prospect of local news being available only in affluent communities, where residents can afford to pay for it.

Getting news to those communities that have lost the news, or are in danger of losing it, involves rethinking both

current journalistic practices, as well as commercial, nonprofit and public funding policies at national, state and local levels. Recent legislative, philanthropic, university and industry initiatives contemplate a range of solutions and offer a potential roadmap. Yet obstacles and questions remain:

- Philosophically and politically, there are issues about whether and how to significantly increase public funds to make broadband service widely available and affordable in digitally challenged regions, while also supporting the revival of local news operations in underserved communities. Compared to other Western-style democracies, the U.S. spends exceedingly little on public media, and most of those taxpayer funds support national news and entertainment programs, such as PBS NewsHour and Masterpiece Theater. Is there an appetite among politicians and policymakers—as well as concerned citizens—to change that?
- For philanthropic organizations and venture capitalists, there are questions about whether their funds are helping the communities who most need support. Even though

philanthropic organizations have significantly increased support of local news in recent years, most of the funds are currently being dispensed in the media-rich, urban areas. How can for-profit and nonprofit funding be reallocated to support the revival of local news in media-poor communities?

- For both newspapers and digital-only news operations, there are questions about how best to bring the news to the digitally unconnected and the disengaged. Can they collaborate more effectively with one another—and with universities—to identify communities at risk of losing the news and then develop new journalism and business models for rebuilding and sustaining local news organizations in those communities?

In 2021, Les High sold the 10,000-circulation-weekly in Whiteville, North Carolina, that had been in his family for three generations. The newspaper, under the stewardship of his grandfather, had received the Pulitzer Public Service Medal in 1953 for a courageous two-year crusade against the Ku Klux Klan. Seven decades later, the grandson is taking on a different journalistic challenge.

With financial support from the Kate B. Reynolds Charitable Trust, High

has established the nonprofit Border Belt Independent, an online outlet that is covering the news in four of the state's poorest counties. Minority groups—Blacks, Native Americans and Hispanics—account for a majority of the population in three of the four counties, all of which have low broadband penetration. Instead of competing with local newspapers, which have depleted news staff, the Border Belt Independent is offering its news and features free and collaborating with reporters at other newspapers on major investigative pieces.

“We’re not about competing with existing newspapers,” says High. “We’re about getting the news to people who need it.”

In Charleston, South Carolina, the family-owned Post and Courier has put together a network of 17 news organizations, many of them struggling newspapers, to produce “Uncovered,” a series of investigative pieces that expose corruption and hold officials in news-deprived communities accountable for their actions. South Carolina has lost 10 newspapers in recent years; two of its 46 counties have no paper.

Each of the five Post and Courier journalists on the “Uncovered” team is assigned a region in the state and then works with reporters on community

newspapers to identify local stories they don't have the time and resources to pursue. The paper then provides funding—including legal fees for Freedom of Information Act (FOIA) requests—so reporters on the smaller news organizations can work with the Post and Courier team to produce major investigative pieces that would otherwise go unreported. Readers support this investigative reporting project by donating to the paper's Public Service and Investigative Journalism Fund.

Everyone in the country has a stake in the future of local news, in whatever form it is delivered. Strong local news helps us understand those whose experiences

and attitudes are different from ours and brings us together to solve our most pressing political, economic and social problems. The Border Belt Independent, with funding from the Kate B. Reynolds Charitable Trust, and the Charleston Post and Courier, with donations from readers, are providing real-time, entrepreneurial examples of how individuals and organizations, working together, can identify communities at risk and then reimagine how to get the news to people who don't have it. The success of their efforts—and those of thousands of other entrepreneurs, policymakers, industry leaders, philanthropists, venture capitalists, scholars and ordinary citizens—will determine how the local news landscape evolves in coming years.



# Saving Local News

**S**ome efforts aimed at saving news have made headlines. Others are less well-known. Behind each endeavor is the recognition that local journalism needs saving to support individual citizens, communities and representative government.

As technology and economic change continue to undermine the for-profit business model that sustained local journalism for decades, the need is ongoing to invest, innovate, think big in some cases and, in others, think small. Those who would save local news need to consider how the digital revolution that upended journalism can be used to its advantage, and how traditional local news media can secure sustainable funding.

Here's a sampling of those efforts. This list is not comprehensive. Other important efforts beyond those cited are under way across the country. Generally, the cavalry riding to the rescue of local news can be divided into several categories: Legislation and regulation; philanthropy; universities; communities and individuals; and new local business models.

## **Legislation and Regulation**

Various proposals at the state and national level seek to support and sustain local news organizations.

### ***On the national level:***

- The Local Journalism Sustainability Act would provide tax credits for hiring journalists. Congress is considering legislation that would provide \$1.67 billion in tax credits over five years for local news organizations. Under the legislation, news outlets could be eligible for up to \$25,000 for each locally focused journalist

they hire in the first year and \$15,000 in the next four years. The legislation, part of President Joe Biden’s “Build Back Better” initiative, is stuck in the U.S. Senate.

- The bipartisan Journalism Competition and Preservation Act (JCPA), introduced last year, would exempt local news outlets from some antitrust laws so they could collectively bargain with technology companies for digital ad revenue. The legislation is pending.

***The state level:***

- Several states have proposed legislation providing tax credits for advertising with and/or subscribing to local news organizations, including a bill before the Wisconsin legislature.
- State government is forming task forces charged with recommending policy changes. The Illinois Local Journalism Task Force will study the state of local news in Illinois and make policy recommendations to strengthen the industry.
- Public Grants support local journalism projects, including the New Jersey Civic Information Consortium, a first-of-its-kind project that provides state funds for local news projects. Created in 2018, the consortium is governed by a 16-member board of directors charged with improving the quantity and quality of local news in New Jersey. In May, the Consortium provided \$990,000 to local news innovators.

***Litigation:***

- The Federal Trade Commission, Justice Department, states’ attorneys and individual newspapers are seeking compensation from Meta and Google, alleging illegal activity has damaged the for-profit business models of news organizations. Among the legal efforts is an antitrust lawsuit brought by HD Media in West Virginia that has been joined by more than 200 newspapers.

## **Philanthropy**

Charitable giving brings news to underserved communities and provides support for specific types of reporting.

The Robert R. McCormick Foundation granted \$10 million over five years to the nonprofit Better Government Association, an investigative reporting organization based in Chicago, to create a digital news site focused on Solutions Journalism.

Report for America places talented emerging journalists in local newsrooms to report on under-covered issues and communities. Partner newsrooms include nonprofit and for-profit organizations, daily and weekly newspapers, digital-only newsrooms, plus TV and radio stations in all 50 states. The organization is supported by major foundations, companies and individual donors.

The Kate Smith Reynolds Charitable Trust provided a three-year \$495,000 grant to establish Border Belt Independent, a digital-only news site that covers health and related issues such as environment, crime and justice, education and governance in four of North Carolina's poorest counties. The Independent, which does not compete with legacy news organizations, is among a relatively few newly funded operations providing critical information to rural, impoverished areas.

The American Journalism Project combines venture-based and nonprofit funding to support local journalism. Among its beneficiaries is Capital B in Cleveland, one of several high-profile digital sites supported by the Project in cities such as Houston, Kansas City and Wichita.

The Lenfest Institute for Journalism, founded in 2016 and based in Philadelphia, is helping build viable, replicable models for sustainable local news enterprises across the country through investing in high-impact journalism, news technology and innovation, and diverse, growing audiences.

The John S. and James L. Knight Foundation is investing \$300 million over five years in new, scalable initiatives with the potential to underpin a fresh future for local news.

The Google News Initiative, began in 2018, and is investing more than \$300 million globally in training, technology, tools and strategic assistance to help local news organizations strengthen their long-term sustainability.

The Meta Journalism Project (previously Facebook), launched in 2017, is investing \$300 million to work with journalists and publishers to help grow reader revenue and provide funding for local news projects.

The Microsoft Journalism Initiative, launched in 2020, and is working to help strengthen local news ecosystems, restore trust and confidence in news, and provide



*Provided by Northwestern University*

cyber and legal security for journalists. (The State of Local News 2022 report was funded in part with a gift from Microsoft.)

## **Universities**

Educational institutions provide news to at-risk communities and support existing and new media organizations through research and outreach.

The Medill Local News Initiative at Northwestern University is a four-year-old research and development news source focused on local news consumer behaviors and audience-building strategies. LNI and the Spiegel Research Center developed a new tool, the Medill Subscriber Engagement Index, that helps local news organizations measure their performance with paying readers and benchmark with peers across the country. The Index is being made available free to local news outlets with the support of the Google News Initiative and Mather Economics.

Northwestern's Medill Metro Media Lab, funded by the Robert R. McCormick Foundation, works with Chicago news organizations on consumer research, audience strategy and financial management with the goal of long-term sustainability.

The University of West Virginia NewStart Program trains journalists and others in how to buy newspapers or start their own news organizations.

University of Georgia, University of Missouri and University of Vermont each operate

programs that assign journalism students to report and edit local news stories.

The Center for Cooperative Media at Montclair State University coordinates statewide and regional reporting, connecting 280 local news and information providers through its flagship project, the NJ News Commons. The Commons aims to help partners share content and encourage them to collaborate and support one another.

University of Kansas has a student-run community newspaper in Eudora, Kansas.

### **Individuals and Communities**

Local investors have stepped up to provide competitive, high-quality news coverage when legacy media operations are threatened with extinction or perceived as inadequate.

A \$50 million investment from philanthropist Stewart W. Bainum Jr. has made the Baltimore Banner one of the most talked-about new journalism enterprises in the U.S.

Through the Colorado News Conservancy, the nonprofit National Trust for Local News and The Colorado Sun bought 24 weeklies in Denver suburbs.

Journalist Cathie Shaffer launched the Greenup Gazette in the same rural Kentucky office where CNHI, a newspaper publisher, had closed the local outlet.

Local community member Missy Nester rushed in when a newspaper failed in rural West Virginia, creating The Welch News.

### **New Local Business Models**

Creative business executives are exploring new ways to sustain local journalism, developing strategies that could be models for other independent news organizations.

In 2019, the Salt Lake Tribune became the first commercial local news organization to convert to nonprofit status. Becoming a nonprofit allows local news outlets to

raise money from foundations and individual donors and members, a strategy under consideration at other privately held media companies.

Chicago Public Media, parent of NPR station WBEZ, acquired the Chicago Sun-Times on Jan. 31 and converted the legacy newspaper to a nonprofit. The combined entity is now believed to be the largest local nonprofit news organization in the U.S. Chicago Public Media raised \$61 million in philanthropic support to make the deal.

The Banyan Project is a nonprofit helping to seed independent local news co-ops in the U.S. Under its governance model, similar to food co-ops or credit unions, people pay a membership fee and vote for a board of directors that oversees the editor and executive director.

In early 2018, the Arkansas Democrat-Gazette stopped printing its newspaper six days a week and gave its subscribers iPads to read an online replica edition. The switch resulted in extraordinarily high reader retention and loyalty.

Berkeleyside, a nonprofit digital news organization in northern California, was the first local news organization to launch by raising capital in a Direct Public Offering. It raised \$1 million from 355 readers/investors. A DPO is like an Initial Public Offering (IPO), but the securities are sold directly to investors without an investment bank or other intermediary.

Collaborative journalism combines resources of legacy and new media organizations, which form networks to provide critical news and information to at-risk communities. Examples include the Colorado News Collaborative and the “Uncovered” project in which The Post and Courier in Charleston, S.C., collaborates with community journalists in smaller towns.

– **Greg Burns**

# The Rise of the Large Regional Newspaper Barons

*By Greg Burns*

**D**uring the heyday of print newspapers, big-shot media moguls were practically kingmakers, using their resources to shape public opinion about everything from elections to wars.

Jeremy Gulban of CherryRoad Technologies, on the other hand, mainly wants to use his dozens of newspapers to make a modest profit, build his company's brand and find new customers for its technology services.

Gulban is one of several new "newspaper barons" aggressively buying dailies and weeklies in small and mid-sized markets. In less than a year, with little fanfare, CherryRoad has gone from owning one newspaper to 71 – and counting.

"It was a good time to get into this business. There were some good

values to be had," Gulban said in an interview. "We'll definitely look to expand again into the fall. Everything has been going in the right direction, for now."

Recent headlines have focused on the strategic maneuvering of the biggest chains – Gannett, Lee Enterprises and Alden Global Capital, which own most of the newspapers in the country's largest markets. At the same time, however, privately owned regional chains have snapped up dozens of newspapers shed by the mega-chains, as well as smaller family-owned operations.

## Largest 16 Owners in 2022 by Number of Papers Owned

Rank	Owner Name	2022 Total Papers	2020 Total Papers	Net Change Papers	2022 Total Dailies
1	Gannett	487	613	-126	236
2	Tribune/MediaNews Group*	190	207	-17	66
3	Lee Enterprises	152	170	-18	79
4	Adams Publishing Group	142	145	-3	37
5	Paxton Media Group	120	75	45	45
6	Ogden Newspapers	101	84	17	55
7	CNHI	92	112	-20	68
8	CherryRoad Media	71	N/A	71	19
9	Boone Newspapers	70	65	5	30
10	Community Media Group	49	57	-8	13
11	Hearst Corporation	48	51	-3	22
12	Advance Publications	40	41	-1	16
12	Black Press Group	40	42	-2	9
13	News Media Corporation	39	43	-4	3
14	Shaw Media	38	39	-1	10
15	Horizon Publications	35	37	-2	23
16	AIM Media	32	46	-14	24

\* MediaNews Group is also known as Digital First. Updated as of 9/16/2022

**Regional chains that are actively buying and merging papers are highlighted in blue.**

Source : Local News Initiative Database

Since 2020, three companies have led the way:

- CherryRoad Media of New Jersey – a unit of CherryRoad Technologies founded in 2020 – owns 71 papers in 10 Midwestern states plus a publication serving Fort Leavenworth in Kansas.
- The 125-year-old Kentucky-based Paxton Media owns 120 newspapers in 10 Southern and Midwestern states.

- The West Virginia-based Ogden Newspapers – founded in 1890 – owns 101 papers in 18 states stretching from New Hampshire to Hawaii.

Two-thirds of the 90 papers Gannett sold in the past two years were bought by CherryRoad or Paxton. Six of the 10 largest newspaper owners in 2022 are regional chains – with between 49 and 142 papers apiece in their growing empires. Three of those largest regional chains did not exist a decade



ago, while the other three have been family-operated for generations.

The merger-and-acquisition activity is a bright spot in an otherwise bleak marketplace for traditional local news. As Covid-19 disrupted life and work, the U.S. continued to bleed newspapers. Community after community lost its access to traditional local news coverage – with the least affluent markets faring much worse than others.

The U.S. lost 360 newspapers between the pre-pandemic months of late 2019 and the end of May 2022. All but 24 of those shuttered papers were weeklies, many in economically struggling markets. Most of the communities they served did not get a replacement in digital or print form.

Among the regional media chains, several experienced considerable churn in their portfolios during the past two-plus years. Paxton bought 60 papers, but also sold five and closed or merged 10. Ogden bought 28 and closed or merged 11.

The U.S. has lost one-fourth of its newspapers since 2005 and is on track to lose one-third by 2025, creating vast areas without local news coverage. More than 70 million U.S.

citizens live in these “news deserts,” or communities at high risk of becoming news deserts.

“This is a nation increasingly divided journalistically between those who live and work in communities where there is an abundance of local news and those who don’t,” said Penelope Abernathy, visiting professor at Northwestern University’s Medill School of Journalism, Media, Integrated Marketing Communications – and the primary author of the State of Local News 2022 Report. “Invariably, the economically struggling, traditionally underserved communities that need local journalism the most are the very places it is most difficult to sustain either print or digital news organizations.”

### **Deal Activity Remains Robust**

Despite challenging economics that continue to kill off traditional publications, deal activity for newspaper properties is robust, according to Sara April of Dirks, Van Essen & April, a newspaper broker. “There will be a lot of announcements over the summer of additional deals,” she predicted. “The deal flow is as good today as five years ago.”

Purchase prices, however, tend to



“Buyers are geographically focused. If they can fold in a property, leverage their management team and add staff, that’s one of the most prominent drivers of value.”

**Sara April, Dirks, Van Essen & April**

fall in a “really wide range,” she said. Asked if most are between two- and six-times cash flow, or approximately 10%-30% of revenue if a property is unprofitable, April declined to specify, saying only, “Deals get done in those ranges.”

Companies looking to purchase newspapers tend to pay more for properties located near each other and near their existing operations. That enables the purchaser to reduce costs by consolidating functions such as printing, design, sales and back-office work. “Buyers are geographically focused,” said April. “If they can fold in a property, leverage their management team and add staff, that’s one of the most prominent drivers of value.”

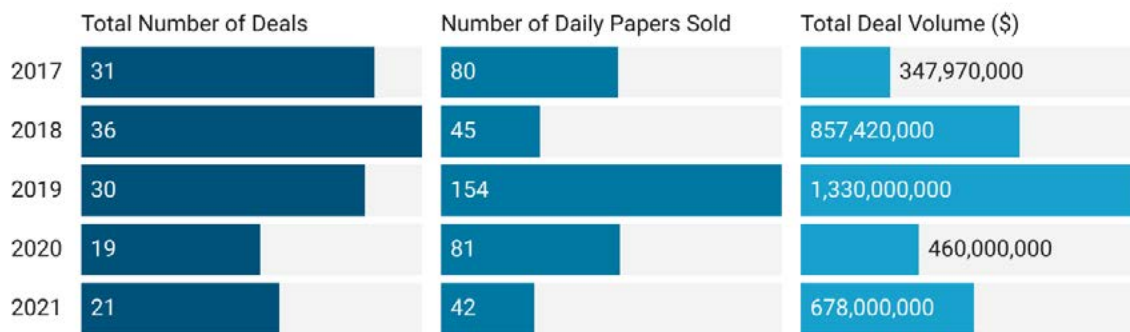
CherryRoad is an exception, as it has acquired properties in different areas and makes no pretense of being a genuinely “local” owner. Still, Gulban said, his approach is much more customized than that of Gannett, the previous owner of many papers he

bought.

Gulban has added editorial staff where, in some cases, Gannett employed no one in the newspaper’s town. He delegates news-coverage decisions to locally based editors, he said, and lets each newspaper experiment with its look and feel. “With Gannett, the papers were made to look like USA Today. Everything was one size fits all,” Gulban said. “Now we’re getting people to cover local news, versus stuffing it with national news.”

The response, he said, has been positive. “Across the board, we’re viewed skeptically at first. We’ve had to prove we’re going to add local coverage [and] invest in staff,” he said. “The era of the independent local owner is going to be very challenging to maintain going forward, and an organization that allows things to be run locally, even if as an organization we’re not based locally, that’s probably the best solution.”

## Newspaper Transactions By Year



**Many of the smaller newspapers have been bought by regional chains.**

*Source : Dirks, Van Essen & April*

Other news executives, however, say there's no substitute for truly local ownership. The Tampa Bay Times, for instance, says it is the only metro-news publication in Florida owned locally, in its case by the Poynter Institute for Media Studies. It also says it has the largest newsroom in the state and the most readership.

"That's not a coincidence," said Conan Gallaty, chairman and chief executive officer. "If CherryRoad Media truly believes the newspaper is an essential resource for developing strong communities, we cheer them on. However, we do feel local ownership is best because people take care of what's in their backyard first." Regional chains have a natural advantage of being tied-in more closely to their markets than the

big chains, according to veteran newspaper executive Jeremy Halbreich, chairman and chief executive officer of AIM Media Management in Dallas, a chain of 32 publications across Texas, Indiana and Ohio.

"At AIM, we believe every community is unique and distinct. We've got really strong publishers and regional managers. I do think local community publishers have some advantage," he said. "We're small enough that we do have the local touch, and it's what we emphasize in those markets

AIM cannot, however, match the scale of Gannett or the ability of large enterprises to invest in technology. "It cuts both ways," Halbreich said. "I can't afford a staff of digital engineers

to create new solutions.”

To succeed, regional chains need to embrace “any kind of technology that can benefit us,” Halbreich said, and come to grips with the fact that profit margins will never return to their levels in the “golden age” before internet competition. “We’ve got people in the industry who are still stuck in the past and refusing to recognize that things have changed for good. Sadly, a lot of newspapers are not making money right now.”

Halbreich expects a slowdown in M&A activity, partly because so many properties have already changed hands. In addition, many family-run operations are not rushing to sell, and the biggest chains have shown little interest in acquiring small-market newspapers. On the plus side, he said, “You have a whole new fresh group of individual entrepreneurs who for whatever reason are attracted to the business. That’s a very healthy positive.”

### **Signs of Hope**

Despite the continued loss of local news, there are “signs of hope,” agreed Tim Franklin, senior associate dean, professor and John M. Mutz Chair in Local News at Medill. “New nonprofit

digital local news startups have launched or been announced in places like Baltimore, Chicago, Cleveland and Houston. Some legacy news outlets are deftly transforming from print to digital. And local news is increasingly being delivered through newsletters and other digital platforms. But the need to innovate is urgent.”

The new entrants bring new strategies, as well as funding. Gulban said he used cash on hand to make his company’s purchases, a plus given how the industry’s troubled economics can make banks reluctant to finance newspaper acquisitions.

CherryRoad can run its newspaper operations at a relatively low profit margin, Gulban explained, then supplement the traditional media business by offering technology services in its new markets – designing, launching and hosting websites, for instance. “I think we can get a steady 10 percent margin, and then drive other revenue at a higher margin out of it,” Gulban said.

The company also is moving to cheaper locations when leases end and considering other revenue-building options such as publishing visitor

guides, and hosting best-of or local-sports-award events. “There’s a lot of potential there,” Gulban said.

For other regional media chains, location is as much a factor in determining what to buy or sell as it is in real-estate investing. AIM, for instance, recently sold three newspapers at the edge of its portfolio’s footprint.

The deal started when Brian Jarvis of WV News, a mid-sized chain, approached AIM Media Midwest about its only newspaper in Jarvis’ home state of West Virginia, according to Halbreich.

Jarvis had recently acquired two other nearby small-market papers from Gannett. Acquiring the neighboring Point Pleasant Register made business sense. And since AIM operated that paper in conjunction with two Ohio papers over the border from Point Pleasant, according to Halbreich, the negotiations grew to include the Gallipolis Daily Tribune and Pomeroy Daily Sentinel. “We suggested to Brian he take all three publications and he quickly agreed,” said Halbreich. “This small cluster is significantly distanced from the remainder of our Ohio publications in Western Ohio and

these three never benefited from the synergies and management we have brought to these other holdings. So, this small transaction was a win-win for Brian Jarvis and for AIM Media Midwest.” AIM, which previously sold three Ohio papers in 2019, said it anticipates no further changes in its portfolio.

In a statement, Jarvis alluded to the efficiencies he expects to obtain from the purchase. “We are committed to being a high-quality news source through our print and digital platforms, and we see these three publications as an excellent chance to further expand our footprint,” Jarvis said in a news release announcing the deal. “They go nicely with our other recent acquisitions, especially the Jackson County Herald and Star News.” Jarvis did not respond to a request for comment.

### **Small can be Effective**

Unlike fast-growing regional chains, where questions persist about how big is “too big,” some local chains have sat out the acquisition frenzy. The Times Review Media Group on Long Island, N.Y., for instance, last acquired a newspaper in 1999, when it bought the Shelter Island

Reporter.

Publisher Andrew Olsen doesn't rule out seizing an opportunity but said he will be highly selective. A limiting factor, he said, could be finding brands of a similar high-quality to the ones he owns, Olsen noted. "Editorial quality to us is everything," he said. "The more talented journalists I can get, the more digital subscriptions I can get."

Olsen's chain has three distinct community news brands, and generates revenues through print, digital and events. Revenues overall are growing, he said, helped by a calendar of events that is expanding as Covid-19 precautions wind down. Some of his business strategies mirror those of larger chains.

This year, for instance, Olsen's Northforker.com lifestyle brand is staging a two-part "best-of-the-North-Fork" event with 300 people attending a business networking and award bash at a winery, followed by a second event open to the public featuring local chefs, wineries and other sponsors. On the news side, Olsen's brands are intensely local and digital-oriented, including the Suffolk Times, first published in 1857. "I'm really focused on building out our digital audience," he said. "We have a huge focus on newsletters, and I'm sending daily

emails to more than 48,000 people."

The Times Review also has diversified into digital services, including for clients outside the New York region, Olsen noted. "We're creating websites for people, doing SEO and SEM."

Given the difficult economics of newspaper publishing, and with the federal Paycheck Protection Program coming to an end, the Times Review responded by implementing open-book management. The object was to create transparency and a sense of shared purpose by distributing financial information to employees, Olsen said. "Everything is transparent. We have a weekly check-in every Thursday with the entire staff." Meantime, to the north of Olsen is a local "chain" that is a chain no more.

In 2016, four accomplished professionals shook up the newspaper business in leafy New England by purchasing The Berkshire Eagle in Massachusetts, along with three smaller sister papers in Vermont. "The purpose of our purchase was to try to return The Eagle to the level of quality it was known for before it fell into absentee ownership," said Fredric Rutberg, a former judge who was part of the investment group.

Rutberg's group had a simple goal,



“One thing we learned from Covid, and it is encouraging, is it proved the concept that people will pay for reliable information that is relevant to their lives. The future of news is bright in that way. But obviously the threats to the industry keep increasing daily”

**Fredric Rutberg, The Berkshire Eagle**

albeit with very detailed short- and long-range financial plans, he said. “We believed that if we improved the quality and quantity of the content, it would increase readership that would lead to an increase in advertising.”

Under the new owners, The Eagle hired additional newsroom staff and added content. It also invested in new content-management software to help it disentangle from the prior owner’s integrated systems – a significant hurdle for companies acquiring newspapers from larger owners that have cut costs with automation and consolidation.

More recently, The Eagle sold the three Vermont papers to an owner based in

that state, and struggled through the pandemic, with the help of federal assistance it used “strategically and carefully,” Rutberg said. “We survived the worst of the pandemic by making timely adjustments that were indicated because of the depth of the impact that Covid had on advertising revenue.”

Asked if the future is bright, Rutberg is blunt: “It’s a tough future,” he said. “One thing we learned from Covid, and it is encouraging, is it proved the concept that people will pay for reliable information that is relevant to their lives. The future of news is bright in that way. But obviously the threats to the industry keep increasing daily.”

# The Future of the Daily Newspaper

*By Greg Burns*

**P**hillip Reid and his wife Jeanne Ann publish 10 printed newspapers across Oklahoma and operate two printing plants in the state. When a transportation crunch left them with just a few remaining rolls of newsprint, it spelled big trouble.

As Phillip Reid observed, “How do you have a newspaper with no paper?”

Actually, some of the Reids’ fellow publishers have a ready answer to that question, and it doesn’t involve driving trucks to paper mills and laying plans for a trucking operation, as the Reids ultimately did to ensure their supplies.

Across the country, rising costs and shrinking demand for printed publications have changed the very definition of “daily” newspapers.

Publishers from coast to coast – at weeklies as well as dailies – are reducing the days of the week they print, filling the gaps with e-editions and around-the-clock online access.

The once-routine, seven-day-a-week print run is disappearing, with 42 of the largest 100 newspapers now delivering a print edition six or fewer times a week. Eleven of those largest dailies publish in printed form only one or two times a week. Some weeklies, too, are cutting back



on their publishing frequency from three to two times to only once a week, even as many others supplement their print editions with daily subscriber e-newsletters – similarly defying the traditional idea of what makes a “weekly” a weekly. [The industry traditionally defines a daily as a paper that publishes either an e-edition or a print edition four or more times a week. A weekly publishes either electronically or in print three or fewer times a week.]

“Absolutely, the lines are blurring,” noted Sara April, of newspaper broker Dirks, Van Essen & April. “If you’re publishing new information daily, how much longer are we even going to use the terms daily and weekly?” Beyond terminology, dailies were generally much more valuable than weeklies, which is not necessarily the case today, April said.

As dailies become more like weeklies, and vice versa, their business models and strategies are in some ways diverging. While thousands of weeklies have folded since 2005, many in affluent, growing markets maintain strong cash flow and command relatively high valuations when sold. In contrast to large dailies, which rely on subscribers for more than half of their revenue, weeklies continue to receive

most of their revenue from local businesses that buy advertising and services from them and sponsor their various print and digital publications.

In other ways, the business models of dailies and weeklies are becoming more similar, noted Conan Gallaty, chairman and chief executive officer of the Tampa Bay Times, a daily that publishes in print on Wednesdays and Sundays only. “Traditional weeklies will need to turn to more frequent online publishing in some format to attract new audiences and promote readership. Traditional dailies will reduce printing days and, hopefully, utilize some of the distribution savings to preserve their newsrooms for robust online publishing throughout the week,” Gallaty said. “Some print readers and advertisers will be concerned, but there aren’t enough of them to reverse the trend.”

Reid, the Oklahoma print publisher, is skeptical about the changes afoot, believing one of the most important “success factors” for small- and mid-sized publishers is synergy between print and digital.

“Wall Street has told newspaper chains that they have to be digital and give up on print. That is a big mistake,” Reid said. “With print, you

## Publication Frequencies of the 100 Largest Dailies

42 dailies are published less than seven days a week. 11 are published only once or twice a week.



Source: Local News Initiative Database

can drive people to digital. I believe the future for newspapers is in creating a dynamic synergy between print and captivating digital platforms to acquire a larger market of readers and advertisers.”

Reid says he understands that his allegiance to print defies conventional wisdom embodied by Gannett, the nation’s largest newspaper chain.

### Gannett Cuts Back Daily Frequency

The publisher of USA Today and 493 other newspapers has announced plans to transition many of its dailies to six-day print delivery. Most have chosen to cut Saturdays in print, while substituting e-editions to provide timely coverage of important local-news events such as Friday night sports. No one would be surprised if that schedule wound down over time to five days or fewer, with some markets shifting more rapidly than

others.

As it stands, this year more than 130 dailies owned by Gannett are scheduled to drop from publishing a print edition seven days a week to six days. Gannett is reviewing the print frequency of “almost all” of its more than 200 dailies in the months to come, according to Amalie Nash, senior vice president for local news and audience development, in remarks to Northwestern University’s Penelope Abernathy. Only a “handful,” she said, will remain seven days, such as some papers in Arizona and Florida where older readers are less receptive to digital access.

Gannett has no current plans to follow the lead of Gallaty’s Tampa Bay Times and other prominent newspapers that have cut back to two- or one-day print delivery, Nash said. But much will depend on how the marketplace accepts the rollback to six days.

Nash views the e-edition “as a bridge product for people who grew up reading the print edition,” she said. Younger customers “want content that is more visual,” so the chain is experimenting with video newsletters.

Gannett held the subscription price for six-day print delivery at the same level as seven-day delivery, and the company will closely monitor pricing levels for new customers and renewals, she said. The chain also will monitor cancellations and satisfaction levels for e-editions, which have seen usage rates spike as customers turn to those digital products on the missing print days.

In May, Gannett Chairman and Chief Executive Officer Mike Reed told investors the “Digital Saturday” initiative led to a 55% increase in digital e-edition use on those days.

“The impact on our home delivery subscriber volumes has been minimal and on track with our expectations,” Reed told investors at the time, according to the Seeking Alpha financial transcript service. “And while the move has benefited our customers, it has also helped Gannett with mitigation of overall secular trends as well as rising headwinds from inflation tied to newsprint, delivery and fuel costs.”

The shift to fewer print days has been building, as circulation of dailies declined sharply over the past two decades. The decline has put a spotlight on a long-standing business problem for dailies: Even at their peak in the 1990s, most dailies were profitable only two or three days a week. Sunday was so profitable it allowed for distribution seven days a week.

Publishers faced with increasingly unprofitable print days at first cut back circulation in less wealthy, outlying areas and increased the price of the print paper. Annual subscription rates for many metro dailies soared to hundreds of dollars, while at the same time local content and news hole decreased sharply, further eroding the value proposition of printed newspapers.

The Gannett experiment is being closely watched. Lee Enterprises and Alden Global Capital, which operate the No. 2 and No. 3 newspaper chains, still print and distribute most of their larger newspapers seven days a week, as do some bellwether independent newspapers in big markets such as Minneapolis, Boston and Philadelphia.

The trick for these and other large newspaper operators is accelerating

digital subscription growth to offset the revenue lost from reducing print runs. Print still accounts for most of Gannett's revenue, and the company finds itself in the conflicted position of working to improve the performance of its print products while also working to reduce its exposure to them and maximize the volume growth of digital subscribers.

Even before announcing its broad shift to six-day daily print delivery, Gannett had cut back the amount of printing it did. Newsprint consumption fell 8% to 180,370 metric tons in 2021, according to Gannett's public filings, and its consumption is certain to continue declining as the chain cuts back print days. Over the past year, newsprint prices soared, as reflected in the U.S. Producer Price Index.

### **Experimentation Rules**

Indeed, the rising cost of newsprint, labor and transportation is the No. 1 reason publishers cite for reducing print production. Experimentation is the order of the day, exemplified by the "Arkansas Gamble" – in which the Arkansas Democrat-Gazette discontinued print editions cold turkey and gave readers iPads to access a daily online replica. The newspaper invested heavily

in teaching readers how to use the tablet computers to get more value from the electronic edition than a static paper, then provided prompt service when problems arose, according to Abernathy, visiting professor at Northwestern's Medill School of Journalism, Media, Integrated Marketing Communications. Importantly, she said, it held the same subscription price for the electronic edition as for the print edition.

Large dailies, especially, need to move toward pricing parity between print and digital subscriptions, she said. As it stands, recent research suggests, large dailies are getting less than 20% of the dollars on annual digital subscriptions that print subscriptions command.

Consequently, even as the number of digital subscriptions increase, the revenue from subscriptions overall is decreasing. That suggests the digital product is being steeply discounted, and subscribers aren't re-upping at higher price points when their initial purchase expires, Abernathy said.

Gannett is not alone in trimming print production. Experimentation also is under way in Odessa, Texas, where AIM Media Management converted the Odessa American from a traditional



“Now that we’re digital, it doesn’t cost as much to deliver additional pages. Since the conversion, our readers are getting more information and content. We are not planning on reducing our news and editorial resources. To date, I don’t think we’ve lost any advertising revenue.”  
**Jeremy Halbreich, chairman and CEO of AIM Media Management**

seven-day-a-week print product to a seven-day e-newspaper plus two print editions each week.

One wrinkle in Odessa: The two print editions are being delivered by U.S. mail. “We are out of the carrier business, which was too expensive and way too much of a distraction,” explained Jeremy Halbreich, chairman and chief executive officer of AIM. “From a financial point of view, I am eliminating five days of print and distribution, which for any size of newspaper represents a very significant expense.”

AIM has found readers more receptive to consuming news online because of habits developed during the pandemic and, given labor shortages, the relief is substantial from having to find and retain delivery carriers. During the conversion, AIM lost fewer than 100 subscribers and the Odessa American has begun highly targeted digital marketing and advertising to attract new subscribers. AIM also is

seeking to enhance revenue through its digital editions to support local car dealers, restaurants and other loyal advertisers.

“From every point of view – readers, advertisers, technology, financial – it all suggested it was the right time to do this. We’re not doing it defensively,” said Halbreich. “Now that we’re digital, it doesn’t cost as much to deliver additional pages. Since the conversion, our readers are getting more information and content. We are not planning on reducing our news and editorial resources. To date, I don’t think we’ve lost any advertising revenue.”

So, is the Odessa paper a daily? “Yes, you’re creating and generating and distributing new information on a daily basis. Also, since it is now digital, Odessa is providing more information and more pages than was the case previously with its print-only product,” Halbreich said. And what distinguishes it from a weekly that updates its site

daily? “At the end of the day, who cares? The lines are blurring for all the right reasons.”

And it continues: Also in Texas, beginning August 15, the state’s second-oldest daily newspaper will be cutting back to three print days a week, while offering e-editions five days a week and over the weekend. The family-owned Victoria Advocate pledged to maintain seven-day-a-week reporting and promised local content will be undiminished.

“The demand for our local and state content continues to grow via our digital delivery formats, including e-editions, websites, social media and apps,” Stephen McHaney, president of M. Roberts Media, which publishes the Advocate and several other Texas newspapers and magazines, said in a story announcing the move. “We want to ensure our delivery formats are representative of our readers’ and advertisers’ preferences now and in the future.”

### **A Long-Term Future for Print?**

Despite the trends working against print, many news organizations continue to plan for its long-term continuation. “You have to be prepared to operate the business without it in

three to five years, but I think we can keep it a lot longer than that,” noted Andrew Olsen, publisher of the Times Review Media Group in New York, which includes three weeklies printed and delivered on Thursdays, according to Abernathy’s database. “You have to have a lot of automation, best-in-class software and have a team that knows how to [work] efficiently. There are aspects of print you can’t control. If it’s 10 at night and we’re getting a blizzard, I have trucks delivering papers while at the same time we’re sending out breaking news alerts to your phone.” Still, Olsen said, even publishers in affluent markets need to invest toward the day when print will no longer pay the bills. “You need to build out the digital,” he said. “I wouldn’t rely 100% on print.”

In Massachusetts, Fredric Rutberg recently took the plunge to purchase an upgraded printing press, despite moving in late 2020 from printing seven days to five. The Berkshire Eagle, which he purchased with investment partners after becoming dismayed about cutbacks in its quality by a previous owner, now publishes Tuesday through Friday, plus a weekend edition.

Rutberg and his partners didn’t intend to cut back the Eagle, but economics won out: “The reduction in print

frequency was a necessary response to the impact that Covid had on our advertising revenue,” Rutberg said.

“Readers were disappointed and so was I,” the former judge explained. “It wasn’t something we wanted to do. It was something we had to do” – to maintain editorial staff, among other reasons.

At the rate print editions are disappearing, how long will publishers continue producing printed newspapers? As recently as 2016, more than 90 percent of publishers and general managers said they expected printed newspapers to exist more than 20 years into the future, according to an Institute of Newspaper Technology survey. By 2020, the same survey of news managers showed only 48 percent of those at weeklies and 39 percent at dailies expected to be printing papers more than a dozen years into the future.

That won’t be the case for the Reids, publishing in Oklahoma. Their strategy of holding on to print while building digital platforms has created

for advertisers “some of the best marketing opportunities in Oklahoma,” said Phillip Reid, whose company recently purchased three newspapers from Gannett.

Those papers were weakened by big-chain ownership, Reid said. Gannett “just couldn’t handle the details. The service to the communities was harshly diminished,” he said, as when the papers failed to print required legal notices on time.

The Reids improved reliability, brought the papers back to profitability, focused on community journalism and doubled down on print, including by running house ads extolling the virtues of the printed page. “We have evolved ‘happenstantially’ to become one of the largest printers of newspapers in Oklahoma,” Reid said, noting that he’s in the market to purchase more print newspapers. “Shutting down print editions causes people to lose faith in the product and is [the] biggest challenge to overcome for our industry.”

# A Tale of Two Digital Sites

*By Penelope Muse Abernathy*

**T**wo local news sites – one a senior citizen in digital years, the other a relative youngster – represent both the opportunities and challenges confronting digital entrepreneurs today.

The San Jose Spotlight – one of the more than 60 local or state news sites founded in the past three years – covers a digitally connected city of a million residents in the heart of Silicon Valley. Established in 2019 by a husband-and-wife team, it focuses on the “local stuff” – City Hall, school board meetings, neighborhood events – no longer covered by the local daily newspaper, The Mercury News.

With significant financial support from more than 50 donors and corporate sponsors, the Spotlight had a budget in 2021 of almost \$1 million. Then in January of this year, it received more good news, when the American

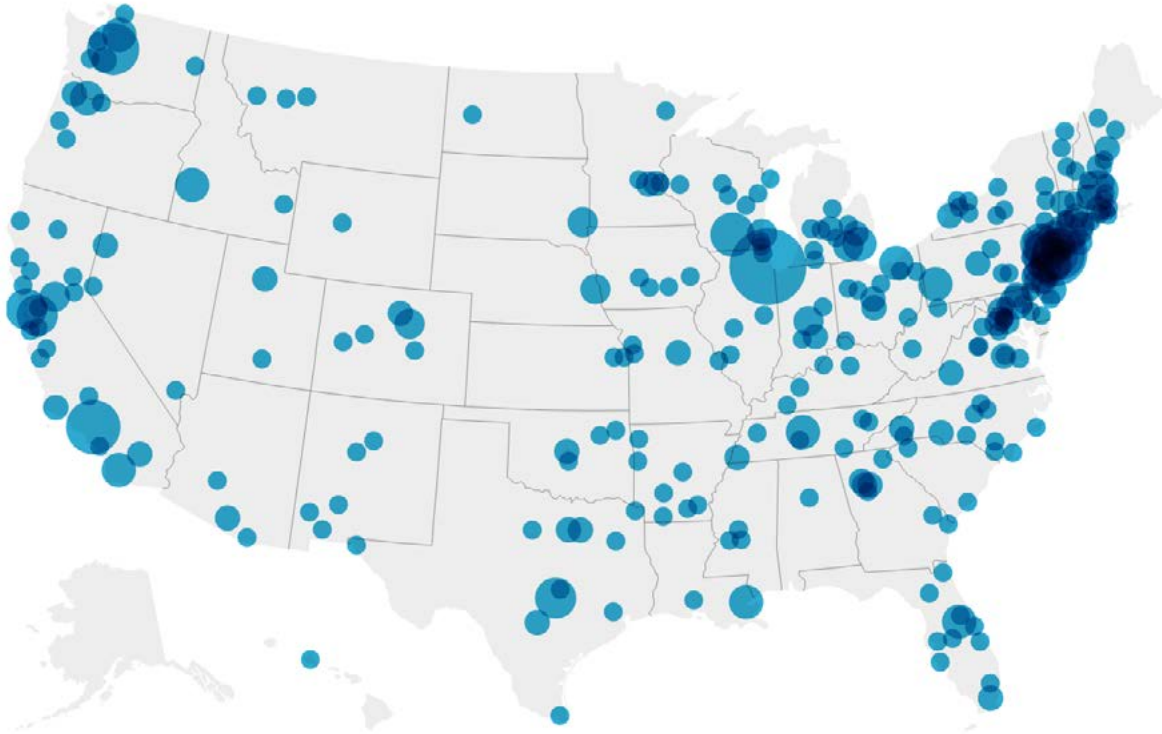
Journalism Project (AJP), awarded the Spotlight a half-million-dollar grant designed to help the site “build upon (its success).”

Simultaneously, AJP made grants of between \$500,000 to a million dollars to sites in three other major cities (Philadelphia, Chicago and Minneapolis), and in April, AJP made a grant of several million dollars to establish a start-up news site in Houston.

A mere 50 miles away in San Benito County, the Benito Link, established in 2012, is one of 100 sites founded 10 or more years ago. It serves a



## Where are the Digital News Outlets?



There are 545 local, state and regional digital news outlets in the U.S., most are in metro areas.

*Source: Local News Initiative Database*

ranching community, where more than half of the 66,000 residents identify as Hispanics or Latinos, and almost a third commute to work in the San Jose metro market.

After a series of listening sessions revealed a strong desire by residents in the county for “reliable” information on issues not covered by The Mercury News or the local weekly, the Benito Link began life with an initial three-year grant totaling \$150,000 from the Knight Foundation.

“When the grant was about to expire, we asked ourselves, ‘Are we going to fold up shop after all this?’” said Executive Director Leslie David.

Instead, the community rallied behind the Link and helped it stitch together an annual budget of approximately \$300,000 in 2021 – supported by sponsored advertising from local businesses, grants of \$50,000 or less from two local community foundations and an annual fund-raising event that raises \$100,000 in donations

from local residents and NewsMatch (a campaign that matches financial gifts to nonprofits).

### Community Support vs. Available Resources

Both the Spotlight and the Link have strong support from their local communities. Yet resources available to build and sustain their local news operations are very different. This is indicative of an emerging funding issue that will ultimately influence the ability of both for-profit and nonprofit sites in smaller markets to reach and engage residents in their communities.

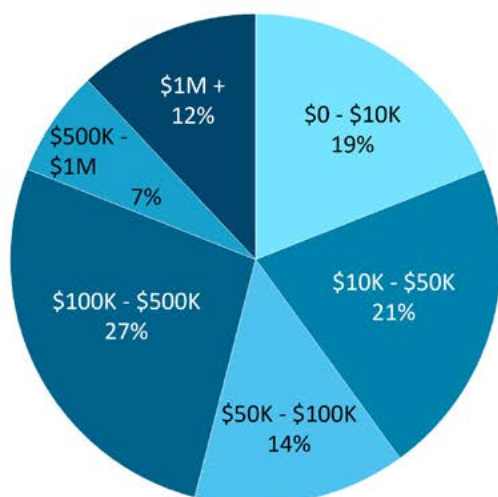
David, a veteran San Francisco television

producer and reporter, considers San Benito part of the greater San Jose market. But she concedes that it is unlikely the Link will receive a major, transformative grant from regional and national organizations and corporations, such as those that support the Spotlight.

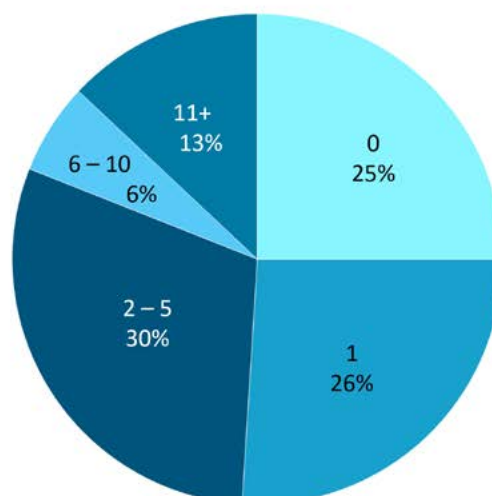
“We are a small, rural news organization,” she said. “Just a small share of the dollars that goes to PBS, for example, would make a big difference to small news operations such as ours. But major grant givers want (impact) in terms of reaching lots of people, and we can’t provide that.”

Despite a recent increase in both venture and philanthropic funding, the number of

Revenue of Digital News Sites



Number of Full-Time Staff Members in Digital Newsrooms



A 2021 survey of 255 digital news outlets conducted by LION publishers showed that over half have revenues below \$100k, and more than three-quarters have fewer than five full-timem staff members.

Source: Local News Initiative Database

local- and state-focused news sites has remained stubbornly constant over the past five years – fluctuating between 525 and 575, as the number of new sites compensated for the closure of older sites. Of the 550 active local and state news sites identified in The State of Local News 2022 report, more than 90 percent are clustered around major metro areas where there is more access to corporate, venture and philanthropic funding. Most nonprofit sites are in communities with a million or more residents, and many for-profit local sites are in communities with half a million or more people. The demographic profile of residents in communities with a digital site – whether for-profit or nonprofit – compares favorably with that of the average U.S. resident. They tend to be relatively young (an average of 38 years old), well-educated (almost 40 percent have a bachelor’s degree or higher) and relatively well off (household income that meets or exceeds the U.S. average of \$67,000.)

As David at Benito Link suggests, if digital-only operations are to fill the gap in existing news deserts, then funders and entrepreneurs must begin to address the disparity between the resources available to urban sites compared to those in smaller

suburban and rural communities, as well as traditionally underserved urban neighborhoods.

Many of these communities are economically struggling and digitally deprived. Residents confront a host of health, environmental, educational, political and economic issues related to the long-term well-being of the community. Overlooked or ignored by many existing news organizations, these communities are the very places where residents most need reliable and dependable news and information to inform their everyday decisions.

To establish more enduring digital operations in more types of communities, both the Institute for Nonprofit News (INN), which currently has 400 print and digital nonprofit newsrooms as members, and the association of Local Independent Online News (LION) publishers, which has more than 700 print and digital members in the U.S. and Canada, have beefed up efforts in recent years to provide strategic and business training to digital entrepreneurs, many of whom are journalists.

“The technology (means) it’s never been cheaper, easier to launch your own publication,” Chris Krewson, LION’s executive director, said recently

on a podcast. However, developing a sustainable model requires a strategic approach. A survey of digital outlets in 2020-21, co-sponsored by LION, found more than half of the 255 sites that responded – three fourths of which were for-profit – had annual revenues of less than \$100,000. Only one in five believed they had achieved sustainability.

Many of those surveyed relied on a single source for the majority of annual income. For-profit sites depended on local advertising for the majority of their revenue while nonprofit outlets depended on major grants and donations from foundations and individuals.

As a result, both INN and LION have developed workshops and programs that assist members in diversifying their revenue sources, stressing especially the benefits of developing subscriber and membership programs, as well as increasing the number of small individual donations.

### **Block Club Chicago Shows One Way for City Sites**

Strong and consistent support from subscribers has enabled the founders of the nonprofit Block Club Chicago, which went live in 2018, to scale quickly. Today, the outlet, which focuses on covering the day-to-day local news in 12 Chicago

neighborhoods, has an annual budget of \$3 million, boosted by a recent multi-year, half-million-dollar grant from AJP.

Publisher and co-founder Shamus Toomey, a veteran Chicago journalist, said that acquiring the email list of DNAinfo Chicago, a for-profit website that shuttered in 2017, was key to boosting Block Club's early success, first raising \$183,000 on Kickstarter, and then converting those donors to yearly subscribers. "When DNA Chicago failed, we realized there was interest in the community for another organization to cover the local neighborhood news," he said. "We launched Kickstarter with a goal of raising \$25,000 to start a nonprofit and hit that before 11 a.m. on the first day."

In 2021, 18,500 subscribers to the online newspaper paid either \$59 yearly or \$6 monthly to contribute a total of \$1.1 million in revenue that supports a full-time staff of 20 people, including both local journalists and those focused on audience development and engagement.

Donations from local residents also played a key role in the survival of The Saline Post, established in 2012 to provide coverage of important events and issues to the 28,000 people who live within the boundaries of one the nation's top-rated school districts, located in the western suburbs of Ann Arbor.

In 2017, Tran Longmoore, founder of The Post, announced that he planned to shutter the five-year-old site because advertising revenue was not enough to cover expenses. At the suggestion of several people in the community, he asked for donations, and within 24 hours received enough to continue publishing. Today, roughly 25 percent of his annual budget relies on donations from local residents, who give an average monthly donation of \$5.

However, The Saline Post, like most for-profit sites with membership in LION, still relies on local advertising as the main source of revenue. Even after 10 years of publishing online, Longmoore is still “not sure I would call it a success since some years we’ve had a loss. But my wife has her own business, and we get by.”

“Getting by” means that founders of small for-profit and nonprofit sites – especially in economically struggling communities – often forgo salaries, especially in the beginning. In 2021, Les High, a third-generation publisher and editor, sold his family’s newspaper, and, with a three-year, \$500,000 grant from the Kate B. Reynolds Charitable Trust, established a nonprofit site, Border Belt Independent, in May 2021. Its mission is to provide in-

depth coverage of some of the most pressing issues confronting the 250,000 residents of four of the poorest counties in North Carolina. Minority populations – Blacks, Native Americans and Hispanics – account for a majority of the residents in three of the four counties.

To fund the salaries of two full-time journalists, he budgeted to pay himself only \$25,000 annually to oversee their work and has convinced his wife to do the bookkeeping and administration for free. For the moment, at least, said High, “It is definitely a passion project because there is such a need for credible news and information in this region.”

### **Sustainable Models in Less-Affluent Areas**

The unique business challenges of smaller for-profit and nonprofit local sites attempting to develop sustainable business models are often overlooked by potential funders, as well as INN and LION, according to Howard Owen, founder of one of the oldest local news sites in country, The Batavian, established in 2008 to provide news to 60,000 residents in upstate New York’s Genesee County.

“Bootstrapping remains the biggest

hardship for many news sites, especially those in smaller markets,” said Owens. “Do good journalism and you will get an audience and advertising. But what has been a struggle for us is developing a long-term business plan and having enough (runway) to devote to developing other revenue streams. There is a cap on how much I can charge and how many potential advertisers and subscribers are in this market.”

Small local nonprofit news outlets face similar constraints that hinder growth and sustainability – and most rely initially on only one or two major donors or organizations to fund their enterprises.

In 2017, the nonprofit site, Carolina Public Press, realized its local focus was limiting its ability to grow donors and grants. Originally established in 2011 to focus on local issues, topics and challenges faced by residents in western North Carolina, the investigative news site relied on major support in its early days from two foundations – the Community Foundation of Western North Carolina and the Z. Smith Reynolds Foundation.

“North Carolina is like many states.

It does not have a lot of wealthy benefactors,” said Lisa Lopez, director of development. “So, you have to cast as wide a net as possible.”

Repositioning itself in 2018 as a statewide investigative news outlet – “bringing a local focus to every story we do” – the site has a 2022 goal of raising a third of its total budget (\$125,000) from individual donations of at least \$10 monthly. Despite the push toward individual donations, however, the Press is still reliant on foundations for 70 percent of its funds, and one of the original funders – the Reynolds Foundation – has indicated it may redirect its funds toward other causes in the future.

“Revenue always has to be top of mind for a nonprofit,” said Lopez. “Journalism is always competing with other worthy causes, so you have to make the point to foundations that investing in strong journalism helps those causes as well.” Arnold Ventures, which has supported the investigative journalism of the Press, recently noted that the site’s coverage of sexual assault cases in the state’s rural and tribal areas led local lawmakers to seek \$30 million in federal funds to boost training of sexual-assault nurse examiners.



“Revenue always has to be top of mind for a nonprofit.... Journalism is always competing with other worthy causes, so you have to make the point to foundations that investing in strong journalism helps those causes as well.”  
**Lisa Lopez, director of development of the Carolina Public Press**

By repositioning as a nonprofit site with a statewide focus, the Press is hoping it can attract funding from national organizations, such as the American Journalism Project, as well as other foundations, like Arnold Ventures, which supports “evidence-based funding” of projects related to such topics as criminal justice, education and public finance.

Becky Pallack, co-founder of [azluminaria.org](http://azluminaria.org), which launched in October 2021, made a similar determination in positioning her nonprofit site as having a statewide mission of providing “local journalism that’s accountable to all Arizonans,” especially our most vulnerable communities.”

As co-founder and product manager of [#ThisIsTucson](http://thisistucson.com), a sister site of the [Arizona Daily Star](http://arizonadaily.com), Pallack said she has learned “the importance of having as many revenue streams as possible.” So, she established an initial goal of raising at least \$30,000 from small

donors. AZ Luminaria launched with a yearly budget of \$300,000, financed primarily by several large donors who have an interest in statewide issues. She currently counts seven donors who have contributed more than \$5,000, and 90 donors who have contributed less than \$5,000.

While nonprofit sites that cover state and regional issues are typically located in state capitals, Pallack felt that locating in Tucson would allow journalists “to focus on important issues that aren’t being covered by all the news outlets concentrated in Phoenix.”

### **Serving Residents in Underserved Communities**

Like AZ Luminaria, most nonprofit sites have as their mission serving residents in traditionally underserved communities – including immigrant, minority, tribal and rural communities, many of which are poor and lack affordable high-speed internet. The sites have employed various tactics to

reach people in those communities and make them aware of the vital news and information they are producing.

All news articles on Benito Link in California are free “because we don’t believe in charging people to read the news,” said David. To aid those for whom English is a second language, the Link articles can be automatically translated into Spanish, Korean and Portuguese.

Block Club Chicago limits non-subscribers to five free articles a month, yet keeps a number of articles outside its paywall, including postings about the South Side and West Side areas of Chicago. “Residents in those communities have a lack of trust in local news organizations that have historically ignored them,” said Toomey. “We’re trying to build back trust.”

After receiving a \$75,000 grant from the [Google News Initiative](#), Carolina Public Press hired a rural engagement manager, who is surveying the [news and information needs](#) of rural North Carolinians, as well as their preferences for getting the news. For example, do they want the news in Spanish? Via text?

Between 50 and 70 of the 100 counties in North Carolina are rural. “We know there is a significant digital deficit in the eastern and western counties of the state,” said Lopez. “If we are going to be a statewide news organization, then we need to make every effort to reach all residents.”

The Kate B. Reynolds Charitable Trust, which contributed a half-million dollars to establish the nonprofit Border Belt Independent in eastern North Carolina, typically invests in projects aimed at improving the health of residents in rural, low-income regions of the state. Articles in the Border Belt Independent not only deal with traditional health issues, such as Covid-19 and opioid addiction, but also criminal justice, economic development, education and politics – all of which, High, the founder, said, “affect the quality of life of residents in this part of the state.”

Recently, High was asked by the Reynolds Trust to speak before a gathering of national and regional philanthropic organizations that fund various health projects. His message to these potential funders emphasized, “When you support local journalism, you are also supporting your own goals of improving the health



of residents in those communities by giving them the information they need to improve their own lives and their communities.”

High is heartened by the recent increase in journalism funding by philanthropic organizations, corporations and venture funds. But

he hopes, “Now that we’ve shown that both for-profit and nonprofit business models for local news sites can succeed in large cities, funders and entrepreneurs will train their attention on smaller markets. Reaching residents in these markets as well is critical to a well-functioning democracy.”

# Lessons for Digital News Entrepreneurs

**E**ntrepreneurs looking to establish, buy or invest in a local news outlet must tackle a number of strategic obstacles. At the top of the agenda is obtaining sufficient funding in the early years to support the growth and development of the outlet over time.

The NewStart program at the University of West Virginia offers a degree program for entrepreneurs seeking to buy a local newspaper or start a digital operation, and the National Trust for Local News works with communities to invest in and save local news operations.

While each community is different – and no single business plan will work for every community – a dozen interviews with directors at these two organizations, as well as with founders of local news sites, reveal an emerging consensus around what works in both small and large markets. Entrepreneurs need to:

**Take time to know the community, ferreting out the needs and wants of residents in the community, as well as potential funding sources.** “Understanding how a community can and will support local news is critical,” said Jim Iovino, director of the NewStart program. He recommends that entrepreneurs scour not only government data for trends, but also conduct surveys and one-on-one interviews with potential target audiences and financial supporters (businesses, as well as community organizations).

In establishing the Benito Link in 2012, the residents of San Benito County in California conducted “a series of listening sessions with different segments – including farmers, tech workers and migrants,” according to Executive Director Leslie David. Those sessions engendered broad community support for launching the site and have been critically important in recent years, with local donors and local businesses contributing almost two-thirds of the funds needed to

support the site's \$300,000 annual budget.

**Develop multiple business scenarios, with a focus on achieving sustainability.** “You need a sufficient handle on the business that you can project out potential revenues and expenses that will ensure long-term viability,” said Fraser Nelson, co-founder and managing director of the National Trust. “If you can scale a digital product, what does it mean over a two-year period to the bottom line?”

Becky Pallack, co-founder of [AZ Luminaria](#), which launched in 2021, developed a “rainbows-and-butterflies annual budget that would have cost \$600,000.” She and her team “then downsized our ambitions until we could match our fund-raising capabilities. That led to a first-year budget of \$300,000.”

Prioritize investments around transformation of the business model that will lead to higher margins over time. “It is often a product vs. technology choice,” said Nelson.

Investments in technology can lead to significant cost savings, while investments in marketing and content can produce significantly higher revenues.

Shamus Toomey, co-founder of the nonprofit Block Club Chicago, said that “initial technical help from [Civil](#) (a network of digital independent news publishers initially focused on block chain technology) was critical to our successful launch only a few months after DNA Chicago closed.”

Additionally, Toomey prioritized acquiring the archives and mailing lists from DNAinfo Chicago. The email addresses of 150,000 previous visitors to the DNAinfo Chicago site allowed him to identify potential subscribers and donors for Block Club Chicago. “Between Civil and a Kickstarter campaign that raised \$183,000, we were able to launch our first year with a budget north of \$300,000,” he said.

**Be very slow and deliberate about how you grow.** “You need to be creative about how you develop various streams of revenue,” said Iovino, “but you also need to be realistic about planning for contingencies. Not everything you try will



“Be prepared for how hard it is to start and run a digital news operation. So, take time off, exercise and take care of yourself. Be deliberate in how you set personal and professional priorities. And don’t forget you don’t succeed without help from your employees.”

**Howard Owens, founder of The Batavian**

work. And some people who supported you in the beginning will move onto other projects.”

In 11 years, Carolina Public Press has grown from a one-person operation focused on covering local news in western North Carolina to a statewide news site that has an annual budget in excess of \$500,000 and employs eight full-time employees. Lisa Lopez, development director of Carolina Public Press, said that with steady, thoughtful growth, “We’ve stayed true to our values: committed to providing non-partisan reporting, investigative journalism that results in corrective action and engaging underserved communities. Encouraging people to fund this mission takes time and it takes building relationships. So, we are often strategizing long-term goals while knowing that bills need to get paid tomorrow.”

An additional thought on the advantages of slowing down comes from Howard Owens, who founded one of the oldest local news sites, The Batavian, in upstate New York in 2008. “Be prepared for how hard it is to start and run a digital news operation,” he said. “So, take time off, exercise and take care of yourself. Be deliberate in how you set personal and professional priorities. And don’t forget you don’t succeed without help from your employees.”

**– Penelope Muse Abernathy**

# Local-News Business Models Emerge

*By Tim Franklin*

**R**ichland County is nestled smack dab in the middle of north central Ohio. It's a mostly rural enclave in the center of a state in the heartland of America.

Richland is not a wealthy place. The median household income and the percentage of adults with college degrees are well below the national average. Richland also lags the rest of the country in broadband internet penetration.

In short, Richland County is an improbable place for one of the more successful local, for-profit digital news startups of the past decade.

Yet, the Richland Source is defying the odds of its demographic deficits and has found a profitable journalistic niche in a community of 125,000 residents that is also home to two

local dailies and a weekly newspaper.

The Source's financial elixir is a committed local ownership, a highly diversified revenue stream, a clearly defined editorial mission focused on solutions journalism, a cost structure unburdened by legacy print and award-winning journalism.

## **The Alarming State of Local News**

The Medill State of Local News 2022 Report has chronicled the alarming and unceasing loss of local newspapers in the U.S. More than a fourth of local newspapers have closed since 2005 – and a third will



**Innovative leaders who are pursuing new local news business models. From left: President of the Richland Source Carlton Fernyak, Executive Director of Outlier Media Candice Fortman, Founder and Publisher of the Shawnee Mission Post Jay Senter, Publisher of The Pilot David Woronoff and CEO of the Chicago Sun-Times Nykia Wright.**

disappear by the end of 2025 if current trends continue. The loss has hit less suburban and smaller communities the hardest.

There's no magic cure to the ailments of the local news industry. Aggressive cost cutting hasn't solved the problem and is likely making it worse. Policymakers in Washington and in statehouses have so far failed to advance solutions. Philanthropic institutions have stepped up, but there aren't enough charitable dollars to spare an entire industry.

At a time when news deserts are expanding, and the nation is losing an average of two newspapers every week, the Source is one of several success stories that offer a potential strategic roadmap that other for-profit local news outlets might follow in suburban and smaller communities.

Other examples include The Pilot, a hundred-year-old twice-weekly newspaper in central North Carolina that serves a community of similar size to Richland County, and the Shawnee Mission Post, in the suburbs of Kansas City.

The common characteristics of all three are local owners who are invested in both the news outlets and the markets where they are located. They have developed business models that stress diversified revenues sources, a laser-like focus on readers' needs and behaviors, high-touch engagement with the community and trustworthy journalism.

The Source was founded in 2013 by Carlton Fernyak, former CEO of MT Technologies, a century-old, family owned printing and office equipment firm sold to Xerox Corp. in 2017.

## Top Ten States by Number of Digital News Outlets

State	Number of Local Sites	Number of State/Regional Sites	Total
NJ*	53	8	61
CA	39	10	49
NY	28	5	33
IL	21	6	27
WA	16	4	20
TX	13	6	19
PA	15	3	18
WI	14	4	18
CT	14	3	17
MI	15	2	17

Source: Local News Initiative Database

Fernyak is currently also president of the board of the Richland Area Chamber & Economic Development.

The Source's mission, according to its website, is to seek "innovative ways to impact our community and reach sustainability at the same time."

The site's business model is built on four different revenue streams. Advertising makes up 35 percent of its revenue. In-house marketing services serving "brands throughout the U.S." accounts for 27 percent.

Philanthropy (from organizations such as Solutions Journalism Network, the Google News Initiative and the Lenfest Institute) comprises 21 percent. And memberships represent another 17 percent, with 1,100 paying individual members.

The company is also the inventor and operator of an artificial intelligence product, Lede AI, which provides high school sports results to local newsrooms around the U.S.

“Diversifying is absolutely essential. You won’t survive unless you do it. The far greater risk is to do nothing. If you just sit tight and say, ‘You know what, I only know the newspaper business’ or ‘I only own a standalone radio station,’ The clock is ticking on you.”

**David Woronoff, publisher of The Pilot**

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### **Best Source of Revenue? All of it**

“Which line of revenue is best?” Source Senior Advertising and Marketing manager David Yoder asked rhetorically at a “New in News” webinar on July 26, organized by the Medill Local News Initiative and Konrad Adenauer Stiftung USA.

After the webinar, Yoder noted that the Source added its in-house marketing services just six years ago, and it’s already the second-largest revenue stream. “I think it just made sense at some point to stop trying to guess what ‘kind’ of market we were in and instead work with our market to find the ways we serve them and ways they could support journalism.”

On its news side, the Source is differentiating itself by practicing solutions journalism, a rigorous form of reporting that explores both community problems and potential answers. The Source also has adopted tools in which readers can easily

submit questions and story ideas.

As a result, the Source’s website says, stories on the home page are typically about “progress, entertaining events, and the accomplishments of people, organizations and businesses in our area.”

Source Editor Larry Phillips said his news organization strives “to do journalism with our audience, not to our audience.”

In North Carolina, The Pilot in Southern Pines, is demonstrating how legacy newspapers in mid-sized communities can also transform themselves.

Pilot Publisher David Woronoff, who two decades ago recognized the need to expand beyond the newspaper, created and acquired a statewide business magazine and four lifestyle magazines – of which three are in the largest cities in the state – that now make up the majority of his company’s



revenue.

### **Bookstore Adds Diversification**

Buying and operating the local independent bookstore provides both new revenue and a way to directly engage with residents in his community. He also established a full-service, in-house marketing agency, and even published phone directories. Now, The Pilot news organization represents just 26 percent of his company's total revenue, Woronoff told Medill.

"Diversifying is absolutely essential," Woronoff said. "You won't survive unless you do it. The far greater risk is to do nothing. If you just sit tight and say, 'You know what, I only know the newspaper business' or 'I only own a standalone radio station,' The clock is ticking on you."

While Richland Source and The Pilot offer potential business models for news outlets in mid-sized markets of 100,000 to 200,000 residents, the for-profit, digital-only Shawnee Mission Post in suburban Kansas City is showing how digital outlets in metro areas can achieve sustainability.

Johnson County, with 600,000

residents, is one of the most-affluent and best-educated in the country. More than half of the residents have a bachelor's degree or higher and median household income is significantly above the U.S. average of \$65,000.

The Post was founded 12 years ago by the husband-and-wife team of Jay Senter and Julia Westhoff, as the Kansas City Star began reducing its coverage of the area and the local weekly paper, the Johnson County Sun, was closed in 2011.

The Post and a sister publication now have 6,245 digital subscribers paying \$7 monthly. They're targeting 10,000 subscribers by 2025 in their upscale suburban county.

"Our market is ideal for a subscription product," Senter, the publisher of the Post, told Medill. "It's an affluent area with a highly educated population and significant social capital."

Senter expects to generate up to \$700,000 in revenue this year. About two-thirds of that would be coming from readers through subscriptions. The rest would come from advertising. The Post has a total of 10 staffers.

Senter attributes the Post's success,



“The core concept of local news organizations coming together and leveraging their respective assets...I think is something that every responsible news organization should be looking at.”

**Matt Moog, CEO of Chicago Public Media**

in large part, to a “reader-first” content focus and an affordable subscription price.

“The main strategic insight that has gotten us this far is to recognize that traditional newsroom values and culture are often pretty far removed from the information needs and wants of your average homeowner, taxpayer and parent,” Senter said. “Traditional newsrooms tend to center power brokers and political parties in their coverage and have a nasty habit of getting caught up in inside-baseball aspects of policy-making bodies. Those topics don’t tend to reflect the experiences of most people’s day-to-day lives. We know that if people are going to pay us, we’ve got to be giving them information that’s relatable, interesting, and useful to them.”

Senter believes the Post’s model is replicable in many suburban markets, but not in all. “There are lots of other areas in the country that share (our) demographics. I tend to think that a coverage area with similar demographics and a population of at

least about 150,000 would have an addressable market large enough for our (subscription) model to work.”

### **Profits Reflect Community Engagement**

The Post is committed to the for-profit business model, which “incentivizes us to produce the kind of content that is going to get the most buy-in and engagement from our community,” Senter said. “My main concern with not-for-profit models is that they incentivize a publication to cater to the interests of large funders, which may be totally out of sync with the interests of the audience you’re supposedly serving.”

He noted, too, that the priorities of large funders often change, which could leave a publication like his scrambling to stay solvent.

Meantime, Chicago has emerged as a petri dish of experimentation in nonprofit business models, which may also serve as a potential path for news outlets in suburban and smaller markets.

In late January, Chicago's NPR-affiliated news outlet WBEZ acquired the scrappy tabloid Chicago Sun-Times, and converted it to a nonprofit. Chicago Public Media raised \$61 million from foundations and individual donors to support the combination.

The CEO of Chicago Public Media, Matt Moog, said he's been fielding calls from small and large-market news executives interested in his model.

"The core concept of local news organizations coming together and leveraging their respective assets, whether it's their news reporting capacity, or their audience or their ability to produce revenue, and finding ways of making it sort of one plus one equals three, I think is something that every responsible news organization should be looking at," Moog said. "We are leaning heavily into partnerships and collaborations."

Nykia Wright, CEO of the Chicago Sun-Times, said her outlet is "doubling down on what it means to be a truly digital organization." At the same time, though, she said the Sun-Times has no immediate plans to reduce daily print frequency like many others in the industry: "We are in the habit-building and not the habit-breaking business

right now."

In addition to the Sun-Times' pivot to nonprofit status earlier this year, the venerable, 140-year-old Hyde Park Herald, a for-profit outlet covering the neighborhood that's home to the University of Chicago, merged in July with the nonprofit South Side Weekly in an effort to secure its long-term future.

In addition to these news organizations owned and operated in their communities, local news in America also is increasingly being delivered by national news franchises. The most prominent recent example is digital media company Axios Local, which in two years has established operations in 24 cities with plans to expand to 30 by the end of the year.

Axios Local's newsletters, which combine some original reporting with curated content from others, now have more than 1 million subscribers. The potential of this model spurred Atlanta-based Cox Enterprises to acquire Axios earlier this month in a cash deal said to be valued at \$525 million.

### **Medill Metro Media Lab at Work**

Local news in America also is being

served by a growing number of universities.

Medill's Metro Media Lab, a project funded by the Robert R. McCormick Foundation, is working directly with Chicago news organizations on consumer research, audience strategy and financial management. Its nonprofit partners so far have included NPR affiliate WBEZ, Block Club Chicago, South Side Weekly, Growing Community Media and Evanston RoundTable.

For many years, universities across the country have provided student-generated reporting for local news organizations. These programs provide invaluable experiences for aspiring journalists and much-needed news stories for local outlets from statehouses, city halls and even sports playing fields. These university efforts now extend way beyond providing news stories, however.

For the past three years, the University of Kansas in Lawrence has been producing an award-winning online news site during the academic year in the nearby small community of Eudora, population 6,500, where the local

newspaper collapsed during the Great Recession.

The Grady College of Journalism and Mass Communication at the University of Georgia in Athens announced last fall that it would help rescue the nearby Oglethorpe County Echo, which was converted to a nonprofit and now includes a corps of student journalists. These efforts illustrate how the local news ecosystem in the U.S. has entered a phase of robust experimentation. At the same time, however, the unabated loss of local newspapers in the U.S. is a shrill-sounding alarm about the urgency to reinvent the local news business model.

Indeed, the continuing secular declines in print, combined with high inflation and weakening consumer demand, could further accelerate the loss of local news in the U.S. in coming months.

That's why new models like those in places like Ohio, North Carolina, Kansas, Illinois and Georgia could provide a path forward and help fuel innovation for a local news industry so vital to American democracy.

# A Path Forward

*By Penelope Muse Abernathy*

**N**ews deserts are not a new phenomenon. Throughout the country's history, there have been places so small or isolated that the community could not support a local newspaper or any other media outlet. There have also been urban and suburban communities that have been traditionally overlooked, ignored and redlined by local and regional newspapers and broadcasting outlets.

Whether rural or urban, most were poor communities, often with large minority and ethnic populations. Residents in those communities were compelled to develop communication work-arounds to get the news and information that would affect them personally.

But the 21st century is different. The internet and mobile phones today are so ubiquitous—85 percent of adults owned a smartphone in 2021—that even residents in traditionally underserved and isolated communities have easy access to a wealth of information, as well as misinformation and disinformation on politically charged topics that tear at the fabric of communities and country.

Simultaneously, the collapse of the print newspaper business model, and the failure of many news organizations to develop alternative revenue sources, has destroyed more than a fourth of all the local newspapers since 2005, creating

## Who is at Risk of Losing their News?

	Counties Without a Print or Digital News Outlet	Counties with Only One Print or Digital News Outlet
Number of Counties	202	1,560
Median Income	\$53,171	\$51,642
Median Population	8,831	18,996
Total Population	5,200,000	65,860,000

**Over 70 million people live in a country with either no newspapers or with only one.**

*Source: Local News Initiative Database*

many more news deserts.

Today, this is a nation divided politically, economically, digitally and, increasingly, journalistically. Seventy million residents – or a fifth of the population – live in communities without easy and affordable access to the sort of critical and credible local news and information that holds together our democracy and society at the grassroots level.

Whether seeking to revive local news in longstanding news deserts or newer ones, stakeholders – including policymakers, industry executives, venture capitalists, philanthropic organizations, universities, scholars and ordinary citizens – are confronted with multiple challenges. The geography of the country and population distribution, for example, complicate matters. More than 95 percent of the land mass in the U.S. is rural, yet only 20 percent of the population live outside major urban areas.

There is no single solution. Reversing the loss of local news requires developing different journalistic and business strategies to address the disparities between the resources available in rural and urban areas, as well as in longstanding news deserts. Solving the problem requires a coordinated, multi-pronged approach that includes:

- Identifying areas within each state that are without local news, or in danger of losing it.
- Designing policies and incentives at the state and national levels to address the disparity and availability of news in these communities.
- Increasing – as well as redirecting – venture and philanthropic funding toward news organizations that seek to deliver reliable and comprehensive local news and information to residents in news deserts.
- Rethinking journalistic practices to compensate for the dramatic loss of almost 60 percent of newspaper journalists in recent years.

## In-depth Research on At-Risk Areas

There are multiple ways to track the loss of local news, and what it means for residents who live in communities that have lost the news.

The State of Local News 2022 tracks trends in the number and location of local newspapers and digital-only outlets down to the county-level in each state, as well as the number of journalists employed by local newspapers. Recent research by scholars at other universities has analyzed the quantity and quality of local news in specific communities, and the impact of the loss of local news on society – including a decrease in voter participation, the spread of misinformation and disinformation and declining trust in our democratic institutions.

All of these efforts reveal important trends, based on data from previous

years. But the news landscape is changing so fast – and the country is so vast – that more focused and predictive research is needed in order to craft solutions that address the unique information needs of residents in specific communities.

Several state legislatures have taken steps to set up such a process that will inform actions going forward. For example, The Illinois Local Journalism Task Force, established in 2022, is tasked with researching the state of local news in Illinois and making policy recommendations to strengthen the industry.

Nonprofit and nonpartisan organizations, as well as universities, have also stepped forward.

- In 2018, the Colorado Media Project – a collection of funders, civic

leaders and journalists -- produced Local News is a Public Good, which compiled data on the number of news outlets and newsroom employees in Colorado, interviewed dozens of stakeholders and made a series of policy recommendations that could be implemented by both local municipalities, as well as by state agencies.

- In advance of the 2024 elections, the League of Women Voters in Washington State has undertaken an extensive audit of local and regional news outlets.
- Montclair State University has mapped the news ecosystem in New Jersey. Elon University and the University of North Carolina are partnering to survey and benchmark the diversity of newsrooms in North Carolina, compiling data on staffing levels and cross-referencing it against census data on specific communities.
- Other nonprofit groups, such as the National Trust for Local

News, have undertaken extensive surveying, and listening sessions, to understand the gaps in local news coverage in specific communities.

Yet there are still major gaps in what is known. As Robert Picard, senior fellow at the Reuters Institute for the Study of Journalism and author of The Economics and Financing of Media Companies, puts it, “There is a need to identify every community and area within a state that is without a local news provider (or in danger of losing one). We need to understand how people in those communities are currently getting information about local issues. Is it from a neighbor – or from a source outside the community, such as social media?”

Commercial models “may not be viable in some communities – especially rural areas,” said Picard. “So, you need to consider other options, such as public or philanthropic funding. But, first, we need to understand what led to the current situation, so we can determine how to attack the problem.”



## Designing Policies to Support Local News

Although the U.S. spends much less per person to support public media than any other Western-style democracy, local news organizations have historically benefitted from indirect taxpayer support.

As policymakers at the state and national levels have looked for ways to support local news, they have relied not only on historical precedent – including postal subsidies that date back to 1792 – but also on lessons learned from European and Asian counterparts who are pioneering new approaches.

Two bills before Congress in 2022 reflect the dual approach. The Journalism Competition and Preservation Act (JCPA) draws on Australian legislation passed in 2021, which mandated that Meta and Google had to negotiate with news organizations and come up with a formula for compensating them for use of their content.

News organizations estimate that

these negotiations have injected \$200 million in Australian dollars into the budgets of the country's news outlets – although it is unclear how much went to the two dozen smaller local newspapers that participated. Supporters are hoping Congress will vote on the U.S. version of the bill, which has bipartisan support, this fall.

While the JCPA bill is modeled on legislation crafted abroad, the Local Journalism Sustainability Act (LJSA), which would have provided \$1.7 billion in tax credits to news organizations that hire journalists to cover local news and events, built on the U.S. tradition of using both federal and state subsidies and tax credits to support certain industries.

Although the LJSA was cut from the recently passed Inflation Reduction Act, supporters are hoping to bring it back in a revised version in 2023. In the meantime, it has inspired several state legislators to introduce similar proposals. A bill in Wisconsin with bipartisan support would provide



“I’m convinced that there are a lot of existing policies and regulations that can come to the aid of local news organizations. In addition to pursuing new legislation, we need to identify current programs and make the case that local news needs to be funded because it is essential to the health of a community.”

**Steve Waldman, founder of Rebuild Local News**

tax credits to local businesses that advertise in local newspapers. Legislators in a handful of other states have proposed credits for taxpayers who subscribe to local newspapers and digital sites.

Given the highly charged partisan politics in both Washington and many state capitals, Steve Waldman, founder of [Rebuild Local News](#), a coalition of 17 industry organizations, is looking at existing federal and state policies that would support local ownership of news outlets, especially in [low-and moderate-income communities](#), as well as minority communities

To that end, Rebuild Local News is urging the Federal Reserve to utilize the [Community Reinvestment Act \(CRA\)](#) to provide financial assistance to struggling small, independent for-profit and nonprofit news organizations located in economically struggling areas. Many of those organizations have difficulty getting

credit and equity financing that will keep their businesses viable. Waldman notes that at least 1,500 locally owned newspapers and dozens of digital outlets serve low- or moderate-income communities. In addition, there are more than 400 local outlets in Black communities and more than 600 in Hispanic communities.

“I’m convinced that there are a lot of existing policies and regulations that can come to the aid of local news organizations,” said Waldman. “In addition to pursuing new legislation, we need to identify current programs and make the case that local news needs to be funded because it is essential to the health of a community.”

Media scholar Picard, who has consulted with media organizations around the globe, endorses rethinking U.S. communication policies and regulations to “incentivize” media companies to invest in local news.

However, he adds, “The key is making sure that any incentive actually is used for what it was intended – supporting and improving local news – and doesn’t go toward paying bonuses to executives.”

In addition to focusing on efforts to

save local newspapers, he said, “we should be insisting that both radio stations, and television stations beef up their local news coverage. A broadcast license is a privilege and should come with requirements for serving the community where it is located.”

## Increasing and Redirecting Funding to News Deserts

Outside of several dozen large cities, we are a nation of small towns and communities. Seventy five percent of the nation’s 20,000 incorporated cities have fewer than 5,000 residents; 40 percent have fewer than 500 residents. Many of the 2,500 papers lost since 2005 have been small weeklies and dailies serving these communities. Most are not large enough to support either a for-profit newspaper or nonprofit digital start-up, according to Picard, who estimates a news organization needs at least 1,000 subscribers – and the strong financial backing of either advertisers or deep-pocket philanthropists – to be viable.

While there has been a significant increase in financial support for local news in recent years, the vast majority

of the venture and philanthropic money has gone to outlets located in major urban areas – not to communities “lacking a critical mass of reporters,” according media scholar Nikki Usher, author of News for the Rich, White and Blue.

Both the Institute for Nonprofit News (INN) and LION (Local Independent Online Publishers) – which provide support to hundreds of for-profit and nonprofit news organizations – have developed extensive workshops and material to help legacy and digital operations diversify their revenue streams and craft sustainable business models. But many of the tactics they suggest – such as increasing subscriber revenue – are of limited value in smaller markets,



“By investing in journalism, foundations are more likely to achieve their goals in the vertical areas – such as education and health – that they prioritize.”

**Anna Brugmann, manager of policy development for Rebuild Local News**

where most outlets remain dependent on advertising – or major grants and donations – for as much as 80 percent of their budget.

Complicating matters for those who rely on philanthropy for their funding, there is a significant disparity between size of the endowments of community foundations in large metro areas compared to those in small and mid-sized communities. This significantly limits the amount of money that foundations in smaller communities can distribute to worthy causes, such as journalism.

Additionally, many community and family foundations have bylaws or practices specifying that grants can only be made to nonprofit organizations. Yet, as a report published by [Report for America](#) notes, “in some communities . . . for-profit news organizations are the only providers of local news.”

To get around the philanthropic funding constraints in smaller

markets, an increasing number of for-profit and nonprofit news organizations are looking to large national and global foundations to fund specific reporting projects, on topics such as education, criminal justice or health.

However, the bigger opportunity, said Anna Brugmann, manager of policy development for Rebuild Local News, is getting large foundations with bylaws that prioritize funding specific projects around education or health, for example, “to consider journalism as a horizontal (funding opportunity) that supports their vertical funding priorities. Newsrooms help educate the public and provide critical information to residents and businesses,” she points out. “By investing in journalism, foundations are more likely to achieve their goals in the vertical areas – such as education and health – that they prioritize.”

The [Border Belt Independent](#), established in 2021 to cover the

news in four of the poorest counties in North Carolina with large minority populations, is an example of the “horizontal” funding approach. Funded by the Kate B. Reynolds Charitable Trust, which typically supports projects aimed at improving the health of residents in rural, low-income areas, the site covers not only traditional health news, but also criminal justice, economic development, education and politics – all related to the long-term

“health” of communities in the area. Until more philanthropic organizations embrace “horizontal” funding of local news organizations, Picard suggests foundations should “focus on funding statewide news outlets, with a requirement that the reporters for those providers identify and cover the communities where there are critical information gaps, and tackle issues that span multiple communities in a region.”

## Rethinking Journalistic and Business Practices

Much thought has been given over the past decade to rethinking the practice of journalism to address the critical gaps in the flow of news and information that have emerged.

Technology is providing opportunities to deliver journalism to previously isolated communities in a variety of ways; engage and measure the behaviors of current and new customers; capture sporting and business statistics and then produce basic news stories; scan massive troves of documents; and assemble the data so investigative reporters can see the big picture more clearly.

Simultaneously, nonprofit groups, universities and traditional media are stepping up to provide journalism coverage in areas that have none.

- The Institute for Nonprofit News has a goal of supporting a network of 20,000 nonprofit journalists by 2030 who would provide “a new backbone of civic coverage,” according to Sue Cross, CEO and President.
- Report for America has already placed several hundred reporters in newsrooms in all 50 states since 2017 and plans to continue expanding.

- Legacy news organizations, such as the Charleston Post & Courier, are working with reporters at much smaller newspapers and sites in South Carolina to produce award-winning investigative pieces.
- And an increasing number of universities, such as the University of Kansas and West Virginia University, are developing programs that provide current and future journalists with the knowledge and experience to either create their own local news outlet or purchase an existing one.

New for-profit, nonprofit and hybrid business models are also taking hold. Industry organizations, nonprofit groups and universities, such as the Medill Local News Initiative at Northwestern University (which produced The State of Local News 2022 report) are tracking and analyzing those models and providing real-time insights that guide decision-making at these news organizations.

An increasing number of recently established, independent local and statewide sites in large cities have annual budgets of \$1 million or more, while sites in mid-sized markets have budgets of a half-million dollars or more.

All this promises to bring more news to traditionally underserved communities – especially those in larger markets. However, many rural communities and suburban neighborhoods still lack the technological, financial and journalistic resources to take advantage of recent innovations and establish either a for-profit or nonprofit news organization.

“Most of the thought so far has gone into asking, ‘How do we replace the reporters we’ve lost?’” said media scholar Picard. “But even if we find the resources to add back all the journalists we’ve lost recently, we won’t have enough journalists to cover the government meetings and events in the thousands of small, incorporated communities in this country. How do we create a journalism model that supports communities that are not large enough to financially support a local news operation?”

While policy and philanthropy can address some of the issues, both Picard and Al Cross, director of the Institute for Rural Journalism and Community Issues, suggest that much more needs to be done to address the information and technological

deficit facing rural communities, many of which lack high-speed digital infrastructure.

The journalism solutions need to be cost-effective and “easily implemented tomorrow” by owners of legacy and start-up news organizations, Picard said. One potential solution involves reviving a journalistic practice that dates back two centuries.

“Until recently,” he said, “community newspapers relied not only on ‘professional journalists,’ who covered the important government meetings, but also a network of ‘correspondents’ who submitted weekly columns about neighborhood news and events – church suppers and the like – and were paid by the word.

“We need to bring back those community correspondents and train them to be the eyes and ears of the professional journalists who can’t be there,” he said. “The only way we are

going to know what is going on in these communities – what is important to people living there – is to have someone in the community.”

As both Picard and Cross suggest, technology only takes the industry so far. Rethinking journalism today is not only about creating new products, but also about revisiting past practices that connected us to one another.

“The best local news organizations introduce us to people we don’t know, who share our concerns and aspirations,” said Cross. “It connects people in a community to one another and to the outside world.”

Reviving local news is not about reviving print newspapers. Rather it is about reviving the historic function of strong local journalism. At its best, as Cross suggests, local journalism in the 21st century will help us come together to solve our problems and achieve our dreams.

# Methodology

The findings in this report are based on analysis of data and information on 8,000 newspapers and digital sites collected over the past year by Northwestern University's Local News Initiative, a program of the Medill School of Journalism, Media, Integrated Marketing Communications. The information is derived from a variety of industry and government sources, supplemented with extensive research and reporting, fact-checking and multiple layers of verification.

- **Newspapers:** Information on individual newspapers in the database was derived from a number of industry sources. Membership lists provided by the 50 state press associations were cross-referenced with news stories published in 2021 and 2022, as well as data available from Editor & Publisher, SRDS and the Alliance for Audited Media (AAM). Researchers then conducted extensive independent online research, ascertaining the status and content of newspapers by checking websites and print versions, and also interviewing press association directors, editors and publishers when appropriate.
- **Independent Digital-Only News Sites:** The list of local news sites was compiled by merging lists published online by the Local Independent Online News Organization ([LION](#)) and the

Institute for Nonprofit News ([INN](#)). As with newspapers, researchers then visited all of the websites to verify that the content was updated regularly and the domain was still active.

In addition, we used media information contained in numerous surveys and reports by, among others, the Pew Research Center, the Poynter Institute and the Knight Commission on Trust in Media and Democracy, as well as scholars and researchers at the nation's universities, including the foundational data compiled between 2012 and 2020 by the Hussman School of Journalism and Media at the University of North Carolina at Chapel Hill. Demographic and economic data from both state and national government sources, including the U.S. Census Bureau, the Bureau of Labor Statistics and the U.S. Department of Agriculture, were also incorporated and analyzed.

## **Building and Refining the Newspaper Database**

Our 2022 report identifies 6,380 local newspapers in the country – 1,230 dailies and 5,150 weeklies – that were still being published at the end of May 2022. (We excluded the four large national newspapers – The New York Times, Wall Street Journal, Washington Post and USA Today – from our analysis to focus on large



regional and small local newspapers.) Each newspaper in the database has the following variables: name, city, state, parent media company, frequency (daily/weekly), number of days published per week and (when available) total circulation.

Our research is concerned with identifying local newspapers that provide public-service journalism. Therefore, in addition to using industry and press association lists, we add an additional layer of verification. We consult both online and print editions of newspapers, analyzing the content of several editions of a paper, to ascertain if the paper covers local government meetings, such as school boards and county commissioner meetings.

Intentionally excluded from our proprietary database are shoppers, community newsletters (which focus on people and events, instead of news), specialty publications (such as business journals and lifestyle magazines), monthly and biweekly publications, advertising inserts, TMCs (Total Market Coverage publications) and some zoned editions that feature minimal local journalism relevant to the county where the zoned edition circulates.

Many states and municipalities have different thresholds for determining

if a newspaper is a “paper of record” and therefore eligible to carry legal notices. Often that threshold is based on circulation and distribution. We recognize that the income from legal advertising is very critical to small dailies and weeklies. Therefore, we can work with the executive directors and general counsels at individual press associations, if there are questions or concerns about the difference in our methodology (which is focused on news coverage) versus the threshold used by government officials to determine if a publication is eligible to receive legal advertising.

### **Building and Refining the Digital Database**

Our 2022 report identifies 545 digital-only news operations that focus on producing either local, regional or statewide coverage of events and issues. This includes 273 sites that cover local news, 95 that cover statewide or regional issues, 64 sites that are part of a local or regional network, 61 business and special topic sites, and 52 for-profit or nonprofit community newsletters. (Only those community newsletters with membership in either INN or LION were included.)

Excluded are those sites associated with existing or legacy media – such as sites for public and commercial

broadcasting stations, newspapers and magazines - as well as national digital operations, such as ProPublica and Inside Climate News. We also exclude sites that are primarily focused on entertainment or event coverage, government and commercial sites (such as those operated by real estate companies) and those that have been inactive for the past six months. Each site in the digital database has the following variables: name, city, state, nonprofit or for-profit designation, news focus (local, regional or state focus), specialties (i.e., specific focus on topics such as politics, business or education), year established and founder or publisher/owner.

As with newspapers, we add an additional layer of verification, analyzing the content of the sites, seeking to ascertain whether each site provides coverage on any of the eight topics identified by the Federal Communications Commission as being “critical information needs”

### **Dealing with Circulation Limitations**

The circulation figures in our 2022 report come with a number of limitations. Some circulation figures are audited and verified; others are self-reported. Therefore, we have incorporated additional verification steps and information in an attempt

to be as transparent as possible about where we are getting the numbers.

When possible, we use circulation numbers from the Alliance for Audited Media (AAM). AAM is the industry leader in media verification and specializes in verifying circulation metrics for publishers. However, only 13 percent of papers in the database subscribe to AAM audits. Additionally, the reported AAM numbers for the large dailies often lag behind the audit by a year or more. Because news organizations must pay AAM to verify their circulation statistics, many small papers do not use the service and instead self-report.

In addition to AAM, we have also consulted SRDS and E&P datasets. When available, we also used circulation figures provided by state press associations. There is currently no widely accepted and easily accessible tracking system for online readership data, especially for the thousands of local papers in small and mid-sized markets.

### **Tracking Sales, Mergers and Closures**

The Local News Initiative tracks changes in ownership of either a newspaper or news site, as well as closures and mergers, through news accounts and press releases, as well as extensive online research,

consulting a number of industry sources. We define a closure as a newspaper that ceased publishing and a merger as a newspaper that has been combined with another publication. We classified digital sites as either closed (with a date listed for closure) or inactive (if the site has not published any content for more than six months.)

We consult:

- Publicly available corporate documents, including quarterly and annual reports released by the individual media companies, and press releases by Dirks, Van Essen, Murray & April; Cribb, Cope & Potts; and Grimes, McGovern and Associates, three of the most active firms in the U.S. handling sales of newspapers and digital sites.
- Numerous news articles about individual purchases and business decisions.
- Statements made by executives in press releases, news articles or industry presentations.
- Reports and interviews with industry representatives and analysts.

There are limitations to all of the above sources. Press releases, news articles, statements made by news executives and reports from industry analysts often list by title only the sales of the largest and most prominent newspapers in a chain, usually dailies. The weeklies involved in the sale, as well as specialty publications (including shoppers and business journals), and digital sites, are often grouped together and reported as a single number. That is why we try to check all announcements of sales against publicly available documents and corporate websites.

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# Research Faculty and Staff



**Penelope (Penny) Muse Abernathy** is a visiting professor at Northwestern University's Medill School of Journalism, Media, Integrated Marketing Communications. Abernathy is teaching and doing research at the Medill School after serving as Knight Chair in Journalism and Digital Media Economics at the University of North Carolina from 2008 to 2020. A former executive with The New York Times and Wall Street Journal, she is nationally known for her "news deserts" research.



**Greg Burns** is an Editor for the Local News Initiative. Previously, he served as Editorial Board member, columnist and business editor at the Chicago Tribune and as a reporter for BusinessWeek magazine and the Chicago Sun-Times. He earned bachelor's and master's degrees at Medill and launched his career at the Anderson (S.C.) Independent-Mail. Burns most recently was director of financial communications, executive media and sustainability at Allstate. He continues to contribute editorials to the Chicago Tribune.



**Tim Franklin** is the Senior Associate Dean and the John M. Mutz Chair in Local News at the Medill School of Journalism, Media, Integrated Marketing Communications at Northwestern University. Before joining Medill, he was President of The Poynter Institute, a leading international school for journalists and a media think tank. After high-ranking jobs at the Chicago Tribune, he was the top editor of three other metro newspapers, the Indianapolis Star, Orlando Sentinel and Baltimore Sun. He also was Washington Managing Editor for Bloomberg News.



**Zach Metzger** is responsible for managing, updating, and analyzing the different databases of news organizations maintained by the Medill Local News Initiative. He is also currently pursuing his PhD at the University of North Carolina, Chapel Hill.



**Grace Miserocchi** is a writer and editor for the Local News Initiative. She is freelance writer and designer and earned a master's in journalism from Medill and has worked as a news designer for several publications at Tribune Publishing and Gannett.



**Nicole Tan** is a research assistant for the Local News Initiative. Tan is a sophomore at Northwestern University studying journalism and legal studies with a minor in political science. She was previously a junior reporter with the South China Morning Post (YP) in Hong Kong, winning Best Story of the Month for her coverage of a charity event celebrating East Asian culture.

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