



## LOCAL NEWS IS A PUBLIC GOOD

### Public Pathways for Supporting Coloradans' Civic News and Information Needs in the 21st Century

#### EXECUTIVE SUMMARY

#### COLORADO MEDIA PROJECT

*The full version of the white paper, along with essays from individual working group members, is available online at: [coloradomediaproject.com/public-good](https://coloradomediaproject.com/public-good)*

A free and independent press was so fundamental to the founding vision of democratic engagement and government accountability in the United States that it is called out in the First Amendment to the Constitution alongside individual freedoms of speech, religion, and assembly. Yet today, local newsrooms and their ability to fulfill that lofty responsibility have never been more imperiled.

What do Colorado communities lose when independent local newsrooms shutter or cut reporting staff? Why should concerned citizens and residents, as well as state and local officials, care about what's happening in Colorado's local journalism industry? What new models might transform and sustain the most vital functions of a free and independent Fourth Estate: to inform, equip, and engage communities in making democratic decisions?

Since the summer of 2018, the Colorado Media Project (CMP) has engaged a broad-based coalition of civic leaders, students, academics, philanthropists, journalists, business leaders, librarians, technologists, and other local residents to study the market forces behind the decline in local news; to understand new opportunities and threats introduced by technology and social platforms; to survey Coloradans on their news and information interests, needs, and habits; and to prototype and test new ways to engage a broader range of residents in the future of local news and civic information. Our full body of research and current activities are online at [coloradomediaproject.com](https://coloradomediaproject.com).

In May 2019, a CMP working group began a new exploration with these guiding questions: Should state and local governments play a role in stabilizing and sustaining the future of local news, information, and independent journalism? What public policy levers and funding pathways are available and viable in Colorado? What would the public support? Working group members met over four months to review current research on the business of local news, public funding models from other states and nations, as well as examples of relevant Colorado state and local initiatives from other sectors. Drafts of the study were vetted before publication by a wide range of interested parties, locally and nationally.



Photos (from left to right): Participants at Migrahack Colorado discuss data-based approaches to reporting on immigration. (Colorado Media Project); RMPBS Arts District Producer Jeffrey Dallet joins Intern, Alex Tuscanes, for an interview with “Birdy” magazine cofounders. (Rocky Mountain PBS); and Chalkbeat Colorado reporter Melanie Asmar (front row) during a packed bargaining session with the Denver Classroom Teachers Association.

The full report explores the harms to Colorado communities when local news declines, and answers the following questions with data and examples from across Colorado and beyond.

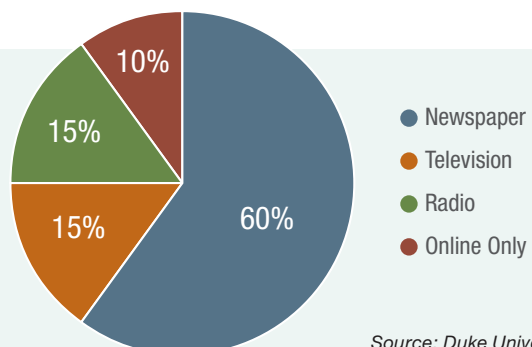
### How do we know local news is good for democracy?

- To thrive individually and to participate in our democracy, all Coloradans need reliable access to factual, nonpartisan information in eight categories deemed essential by the Federal Communications Commission: emergencies and risks, health and well-being, education and school quality, transportation, economic opportunities, the environment, civic institutions and gatherings, and political institutions, elected leaders, and candidates.
- Academic studies show that losing access to trustworthy, independent local news coverage results in less civic engagement, greater political polarization, lower voting rates, fewer candidates running for public office, higher costs of local government, and weaker economies.
- As independent local media declines, others are filling the void. National news dominates local concerns, public relations professionals outnumber journalists nearly 10 to 1 in Colorado, and social media influencers have larger followings than many news outlets.
- Unchecked, misinformation spreads like wildfire on social media. Yet while trust in national media is low and polarized, more than 70 percent of Americans across the political spectrum trust local their news outlets, and 81 percent of Denver-area adults say the local news media are doing a good job keeping them informed of the important news stories of the day.

### What’s happened to the business of local news?

- Twenty years ago, local advertising sustained local news outlets and subsidized the creation of civically important content. Today, two global tech companies, Facebook and Google, are capturing the lion’s share of revenue from digital ads – 60% in 2019 – and they’re capturing almost all the growth in digital ads, too. Pitted against these and other tech giants such as YouTube and Netflix in the “attention economy,” local outlets are losing the battle for the public’s time and discretionary dollars.
- Most Coloradans are largely unaware of the financial crisis in local news or its causes. In fact, seven in 10 Americans believe their local news outlets are doing “very or somewhat well financially,” according to a 2019 Pew Research survey. And only 15 percent of Denverites paid for local news in the past year.
- National consolidation of local newspapers and TV stations has become the primary strategy for commercial media’s survival. By the end of 2019, investment firms are set to own 24 Colorado properties representing 28% of the state’s total newspaper circulation. On the other end of the spectrum, Colorado small business owners retain control of 93 papers reaching 51% of the state’s total newspaper circulation.

**% (SHARE) OF STORIES IDENTIFIED AS ORIGINAL, LOCAL COVERAGE OF CRITICAL ISSUES**



Source: Duke University, 2019

### 81 percent

of Denver-area adults say the local news media do very to fairly well at keeping them informed of the important news stories of the day.

### 15 percent

have paid for local news in the past year.

Source: Pew Research Center, 2019



### 30 Colorado counties have only one newspaper.

- 83% of these papers are published weekly
- 83% are located in non-metro areas
- 40% serve Colorado’s most rural counties

### Of Colorado’s rural papers that are the last remaining in their county:

- 43% reach at least half of county residents
- 29% reach almost all county residents

### Where are Colorado’s news deserts and what are the implications?

- Nearly one in five Colorado newspapers has closed since 2004. The number of professional reporters covering critical information needs of Coloradans across all media formats declined by nearly 44% between 2010 and 2018, from 1,010 to 570 reporters statewide. While local newspapers still produce the largest share of original, local stories covering critical issues (60%), online startups are growing in number and hold promise for mission-driven journalism that covers critical information needs.
- Colorado’s rural and low-income communities suffer most when local news declines. Small business owners, mostly in rural and non-metro areas, own 93 of Colorado’s 151 newspapers, representing 51% of the state’s total newspaper readership. “News deserts” encroach as outlets close or cut staff — Baca County now has no local paper, and 30 additional Colorado counties have only one newspaper covering local issues. Most of the rural papers in this group still reach at least half of readers in the counties they serve, who may not have another source of local news if these businesses close. Owners of at least 44 Colorado papers are approaching retirement age and seeking to exit the business.
- In both rural and metro areas, low-income, minority, and marginalized communities are more likely to lack access to local news and journalism than are white, affluent communities. Newsroom staff rarely reflect the racial and ethnic diversity of the communities they ostensibly serve, and the concerns of marginalized communities are often neglected.

*82% of stories published by online-only local news sources address critical information needs, and the number and significance of online-only outlets are growing.*

### What’s working and where do we go from here?

- To survive, local news publishers must diversify their revenue streams. To correct an overreliance on advertising, publishers are scrambling to connect with and remain relevant to local audiences, cultivate new revenue sources, experiment with new products and services, and keep pace with rapid technological changes.
- Mission-driven models that rely more on member support are becoming more popular nationwide, especially in sustaining some of the most expensive types of local news, including investigative journalism and beats such as education, health, politics, and the environment. The number of members in the nonpartisan Institute for Nonprofit News has grown from 27 in 2009 to more than 230 today. Nonprofit news sources’ reliance on foundation funding is likewise decreasing, falling below 50% of revenue for the first time in 2018. Individuals and families now donate nearly 40% of all the revenue going to news nonprofits. Some commercial newspapers are navigating the transition to nonprofit, including the Salt Lake Tribune and the Philadelphia Enquirer, which can reduce the burden of profitability and focus newsrooms on community service.
- In Colorado, public media networks are taking on new roles, with Colorado Public Radio expanding statewide daily news coverage, KUNC and community radio stations forming durable networks, and Rocky Mountain PBS building a new, shared newsroom that will facilitate collaboration among newsrooms of all types. Digital-native startups are growing in number and significance, but most are small and could use more incubation support for local news entrepreneurs who are testing new models.
- Other states and nations are taking action to turn the tide. New Jersey recently established a Civic Information Consortium and seeded it with \$2 million to stimulate innovation and transformation of the industry to better meet community needs. In 2019 Canada passed a \$595 million, five-year package to support commercial and noncommercial journalism through tax incentives. In the U.S. Congress lawmakers have introduced legislation to make it easier for outlets to gain nonprofit status and to work together to negotiate financial deals with tech platforms that have gobbled up local ad revenues. A new Australian report examining public support for media in nine nations concluded that governments can access a common toolkit of measures to sustain quality local media and stimulate innovation while protecting the independence of local newsrooms.



*Extending Colorado's 2.9% state sales tax to digital ads that are targeted at Coloradans would modernize the state's sales tax system by tying it more closely to the growth in digital services, while generating additional revenue to address the consequences these changes have had on local civic information and trustworthy local journalism.*

The Colorado Media Project report also presents five ideas for transforming local news with public support, substantiated with local, national, and international research and existing models:

- 1 Empower local communities and voters to raise local revenues to meet their information needs.** Colorado's special districts law could be used to create local information districts like those created to provide ambulance, fire protection, and sanitation services. The state could set guidelines to ensure district governance maximizes community participation, protects freedom of speech, ensures inclusivity, and prevents direct and indirect influence from any governmental body, department, or official as well as private individuals and businesses. This could be modeled on Colorado's Early Childcare Development Special District created in 2019 and the Scientific and Cultural Facilities District (SCFD) created in the late 1980s.
- 2 Create and fund a state-level, public-private partnership to stimulate local media innovation.** Currently, Colorado is one of only 15 states that does not provide any state funding to support independent public media. This partnership could help outlets develop new business models and increase the quantity and quality of independent, public-service journalism and civic information throughout Colorado – with special attention to the needs of underserved low-income, rural, and racial and ethnic communities. Grants could be awarded by an independent body directly to Colorado news outlets or to collaborations among outlets. The grants would encourage outlets to become more sustainable, cooperative, and responsive to the civic information needs of Coloradans statewide. This could be modeled on the New Jersey Civic Information Consortium, which passed with a large bipartisan majority in 2018.
- 3 Develop programs to help local media businesses transition to mission-driven models.** The Colorado Press Association estimates that at least 44 of Colorado's 151 local outlets have owners who are approaching retirement age and may be or will be looking to sell their papers and exit the business. Colorado's existing small business and rural assistance programs could be tailored to help local media owners or entrepreneurs gain technical skills and transition or launch new employee-owned media businesses, public benefit corporations, or nonprofit organizations. The state could provide tax incentives for owners who donate community news assets and seed philanthropic trusts to meet local civic information needs.
- 4 Increase support for libraries and higher education to help meet basic community news and information needs.** These existing institutions are well-positioned to play new roles, particularly in areas where no independent local media exists. Broadcasting or documenting civic meetings, convening civic conversations, making local government data more accessible and useful for residents and journalists, and training students and community members to report local news and share their own stories are all roles that local libraries and higher education institutions could take on, with a bit of vision and funding.
- 5 Optimize government transparency for civic engagement, by modernizing the ways state and local entities make information accessible to citizens and the news media.** State and local governments should adopt the policy that the default for data about and generated by government should be open – not closed. State agencies should post all public data online in machine readable formats; all elected and appointed state and local officials should receive training on open meetings and open records laws; an alternative to litigation should be created for resolving disputes over access to records; and the total costs for open records and criminal justice records requests should be capped at a reasonable amount.



Associated Press reporter Dan Elliott covers a story on the use of drones for agriculture. (Associated Press)

Growth in state revenues or redirection of existing funds could underwrite some of these recommendations. Others may save money, and all would likely leverage additional private and philanthropic funds. But to fully implement the ideas put forth will require new state level funding. Ideally these funds would come through a federal tax levied on online technology platforms based on the value of digital advertising and shared with each state based on the scale of its audience. However, if the federal government does not act, the state could expand its 2.9 percent sales tax to include digital advertising directed at Coloradans. We estimate that such an expansion would have generated \$70 million in 2019 – enough to pay for these recommendations and support other initiatives such as extending broadband connections in rural communities.

The ideas contained in this paper are not meant to be the end point in a conversation – but the beginning. We welcome feedback from Colorado residents and beyond as we seek to improve these ideas, by stimulating conversation on the future of local civic news and public engagement in Colorado.

Colorado communities suffer when they lose access to trustworthy, nonpartisan local news. New ideas, new approaches, and new products and services are desperately

needed to ensure the reimagining and very survival of high-quality journalism in Colorado, especially in underserved communities. Indeed, Colorado already has promising entrepreneurial efforts by existing news organizations and digital native upstarts that are injecting a spirit of innovation that can serve as an example to the nation.

We can see a bright future if we take collective action. The harm could be catastrophic if we don’t. We are at a crucial moment, a time of transition, and lack of action could lead to an increasingly polarized, polluted, and weakened information environment that is harmful to our democracy. We believe the answer must involve all of us – and that both public and private institutions as well as individuals in our state have a crucial role to play.

The full report and a collection of essays from members of the public policy working group are online at:

<https://coloradomediaproject.com/public-good>

Sources for all factual data points presented above can be found in the full version of the report.

## COLORADO MEDIA PROJECT

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