

IS THERE LIGHT AT THE END OF THE TUNNEL =FOR COMMUNITY NEWSPAPERS?

THE TRENDS

There has been no dearth of news stories, op-eds and academic studies about the startling attrition rate of newspapers in the U.S. Very few of them, however, have dealt exclusively with the focus of this study, nondaily community newspapers, which have been disappearing at a far higher rate than dailies.

In the 1920s there were 24,000 U.S. newspapers. By 1980, the number had fallen by half, and today it has been nearly halved again. As of 2023, there were about 6,000 newspapers in the country, 1,200 dailies and 4,790 weeklies. according to the Northwestern Medill Center's 2023 State of Local News.

Since 2004, more than one-fourth of newspapers in the United States have disappeared. Of the 2,100 papers that have been shuttered, more than 2,000 of them are weekly or nondaily papers that largely reported on smaller towns and cities, according to Penelope Muse Abernathy, author of "Saving Community Journalism."

Between late 2019 and May 2022 alone, the United States lost more than 360 newspapers, according to a 2022 Northwestern study. All but 24 of those papers were weeklies.

Making matters worse is the expanding "news desert," a polite term for communities that lack coverage by either weekly or daily newspapers.

That list does not include communities with “ghost” newspapers – those that provide little or no coverage.

A recent review by the Local News Initiative at Northwestern of the 70 smallest newspapers owned by two of the largest newspaper chains, Lee and Gannett, found that three dozen had no listing for any local journalists on staff. The editor of one of the newspapers lived 800 miles away.

Since 2005, the number of journalists employed by newspapers has declined by 60%, a loss of 43,000 reporters and editors.

Is there any evidence that the trend is about to reverse itself or even slow significantly? “ No,” says Abernathy. Last year, the rate of closures increased from two a week to two and a half a week for weeklies.

No one who has studied the issue foresees a turnaround.

“I hope that it will plateau, but I can’t imagine it will decrease any time soon,” says Anna Brugmann, policy director of Rebuild Local News, a coalition that focuses on advancing government policies to “counter the collapse of local news, revitalize community journalism and strengthen democracy.”

“I don’t think our functional democracy has any other choice. It’s bloodletting in local news.” said Ross McDuffie, chief portfolio officer of the National Trust for Local News, a nonprofit that has been purchasing small weeklies and converting them into nonprofits. “But I’m more optimistic about nondailies than dailies, McDuffie said. “Weeklies in the size of the communities we serve enjoy a unique relationship with that community. At bare minimum, we have to make this work in the digital space.”

PURPOSE AND SCOPE OF THE STUDY

This study sought to fill some of the gaps in research, focusing on community newspapers that not only have survived but continue to produce outstanding coverage of their communities. The goal was to learn lessons that may be useful to other community newspapers hoping to remain financially sustainable or to digital startups wanting to get off the ground.

The study, co-sponsored by the New Jersey Press Association and the Corporation for New Jersey Local Media, sought to gain insight into the common characteristics that have enabled newspapers to continue to serve their communities well.

Through conversations with staffers from state and national news organizations and Google searches of repeat general excellence award winners, we came up with a list of 50 potential study targets. After reviewing the coverage of their communities on their websites, we narrowed the list to 35. Several criteria were used in determining whether to include them in the study. Not every newspaper checked all the boxes, but they all checked most of them.

See Appendix A for links to newspapers and their websites included in the study

Among the criteria: Do they regularly cover municipal meetings (council/committee, planning board, zoning board, school board, etc.) Do they run obituaries, police news, recreational and high school sports? Do they report on local businesses and entertainment? Do they

have a community calendar? Do they regularly write local editorials and local commentary? Do they cover breaking news on their website? Do they preview important meetings and at least occasionally publish enterprise stories?

Bottom line: Did they do the job that good community newspapers are expected to do?

Once we identified the newspapers to include in the study, my six-person team – all experienced journalists – interviewed their publishers or editors by phone, drawing from a list of 25 questions.

See Appendix B for the questionnaire

KEY RESEARCH FINDINGS

The primary goal of the study was to find the characteristics that the successful news organizations, loosely defined as those that have survived and continue providing outstanding coverage to their readership, have in common.

Several qualities stood out: They all had strong commitments to their communities from their publishers and editors, who placed a higher premium on comprehensive coverage of local news to wringing the most profit out of the enterprise. None were part of national newspaper chains, significant in that more half of non-dailies are owned by chains.

Almost all of the organizations were located in relatively affluent communities with either no competition or nominal competition from other traditional news organizations for news or advertising.

The specifics

+ All papers in the study were independently owned; about one-third were owned by the original founding families. There were no national chains and just one large regional chain. Two newspapers had been purchased from national chains.

+ Most publishers and editors expressed a deep connection and commitment to the community.

+ Most newspapers were long-established operations, owned for two decades or more. The two most recently purchased were converted to nonprofit in the last five years or less. Many dated back a century or more; the oldest was founded in 1821.

+ Most of the news organizations were in relatively affluent, largely single-family home communities where schools, sports leagues, community organizations and concerns about taxes were important. Several of the papers were in towns that attracted large numbers of tourists.

+ Most have either little or no print competition for news – almost none from other weeklies. Daily competition comes mostly from regional dailies or TV stations that parachute in for big stories. Competition most commonly cited is radio or social media, particularly Facebook.

+ Most say they have advertisers pretty well locked up. There is very little competition from print. Other sources of competition vary widely, depending on the market: TV, radio, social media (again, particularly Facebook), lifestyle magazines, billboards and digital outlets.

+ Advertising continued to be far and away the most important revenue source. Only two reported subscriptions, print and/or digital, constituting up to 25% of total revenue. Three reported donations were an important revenue source.

- + About one-fourth of the news organizations have recently become nonprofit.
- + Most reported they were either “somewhat profitable” or “just breaking even,” depending on the year. Only one reported operating at a loss.
- + All but two of the newspapers believed they would be financially sustainable over the long term, although some editors, when responding more in depth, expressed doubts about whether the print side would survive.

Other findings

- + Date(s) of week published: Most commonly Wednesday and Thursday.
- + Pricing: Free or paid? About 75% paid, 25% free.
- + How delivered: Almost all were delivered through the mail and at newsstands. Some complained about two postal rate hikes in past two years. One said they still used a hawker on the street.
- + Is online content behind paywall? Pretty evenly divided between those who don't keep it behind paywall, those who allow a certain number of stories for free, those who put stories behind paywall only for nonsubscribers, and those who keep it all behind paywall.
- + How many towns are covered, how many separate flags? Most common was one or two flags, covering two to four towns or a county.
- + Circulation: Most were between 2,000 to 5,000.
- + How many full- and part-time news staffers? Full-timers ranged from 1 to 15, but most commonly four or five. Most didn't use part-timers, but had stringers, typically for sports and photo.

+ Over the past five years, how many news staffers have you added or cut? Most said there was no change in staffing levels. About 15% cut between 1-3 staffers, only two added just one position.

+ On which social media platforms do you post content? How much content? All but a handful used Facebook most commonly, with an almost even split between those who post all their print content and those who only post breaking news or a few selected stories. About two-thirds reported using Instagram, mostly selectively. X (nee Twitter) was the third most commonly used social media platform. Many expressed disappointment about the impact Facebook and other platforms were having on their reach.

+ Do you use AI for any newsroom operations? None reported using it to generate stories and most said they had no plans to do so. About one third said they had experimented with it in a limited way. One said it was used for some Spanish language content; another used it for illustrations. One editor said “it scared him to death.”

+ Do you publish local editorials? (If not, why not?)

While many dailies, particularly those owned by chains, have cut back or eliminated editorials altogether, they were deemed essential by most nondaily editors and publishers interviewed. About three quarters reported publishing local editorials regularly. Two editors said they were prohibited from taking political stances because of their nonprofit status – a view not shared by editors at all nonprofits. Some questioned whether the restrictions applied to any editorial positions or just political endorsements.

+ About two thirds allow reader comments, although some do so only for subscribers and most prohibit anonymous posts.

WHAT FACTORS CONTRIBUTED TO THEIR SUCCESS?

IN THEIR OWN WORDS ...

Storm Lake Times Pilot, Iowa, Art Cullen, publisher/editor

“Focusing on local, local, local news they could get from no other source. Comprehensive coverage of all aspects of the community. Nobody else goes to town meetings and we tell them why their taxes are going up.”

The Inquirer and Mirror, Nantucket, Mass., Josh Balling, editor

“The quality and quantity of the news. Very strong reader loyalty. Our older demographic helps. Paper has been around more than 200 years . At heart it’s an institution.

Park Cities People, Dallas, Texas, Pat Martin, publisher

“We live in a robust market with lot of advertising support. We are a privately owned media company, not a publicly traded one, so the owner is watching the bottom line, not shareholder value. We put covering the community well above profitability. No shareholders to satisfy. We can avoid all that craziness and interference you get from decisions made elsewhere.

TAPInto The Breeze, Bridgewater/Raritan, N.J., Audrey Levine Blumberg, owner/publisher

“Making sure to be a part of the community. People want that local feel. Local, local. We cover Cub Scouts, feature things from 4H each week. We list municipal meetings coming up. Library events coming up. Write something historical. We feature three animals each month. We partner with the high school newspaper.”

Mount Desert Islander, Bar Harbor, Maine, Faith DeAmbrose, managing editor

“Our dedicated and experienced staff covers every aspect of life on Mount Desert Island, from what is going on in Acadia National Park to local governments, schools, community groups and the arts. No other news source reaches more people who love and care about Mount Desert Island.

“No other publication has more complete coverage of local sports or goes farther afield to provide comprehensive coverage of the maritime trades and fisheries industries. The paper’s editorial pages, which feature thought-provoking letters and exclusive columns on everything from politics to the natural world, are a lively forum for the exchange of views and opinion.”

Casa Grande Dispatch, Casa Grande, Arizona, Donovan Kramer Jr., co-publisher, managing editor

A commitment, not what you find with papers owned by publicly traded companies. A commitment to keep doing it. Always looking for new sources of revenue.“

The Taos News, Taos, New Mexico, John Miller, editor

The No. 1 one thing that distinguishes our newspapers from competitors is the quality of visuals is better. Visual journalism is crucial in engaging readers in print and digital platforms. The quality of our writing, our focus on being a community newspaper and being thoughtful about content, and doing everything we can to provide comprehensive coverage sets us apart.”

Elmer Times, Elmer N.J., Bonny Elwell, editor

“We are completely independent. Our focus is hyper local, church dinners, Girl Scouts. As a print-only product, we’re a novelty. It helps that we have a small staff that is not looking to become rich. We’re definitely not in it for the profit. We continue because we love it and there is a need.”

East Bay RI, East Bay, Rhode Island, Scott Pickering, general manager

“Local papers do something no one else does. Our news teams have been here a long time and are invested in the community. They’re in their 50s, young enough to be relevant, and they have experience in the communities. They are involved in them in many ways. We know neighborhoods and know a lot of people in them. We live and work here and have opinions about what happens and what matters. When we buy groceries we see eight or 10 people we know. In my hometown, I am the biggest critic and agitator for making it a better place to live.”

The Hinsdalean, Hinsdale, Illinois, Jim Slonoff, co-owner

“We’re in the community. There is nothing more important than being in the community. People see me everywhere. That makes all the difference in the world. We have a small office, but right in downtown. People can walk in and say stuff. They like having personal contact. We answer our phone. We have a strong editorial voice and hold

government accountable. If we weren't here, the community would be getting virtually no coverage."

The Pilot, Southern Pines, North Carolina, John A. Nagy, editor

"Entrepreneurial spirit. Diversity and innovation. We're not afraid to try things. We have a variety of products. We don't just own newspapers. If you want to capture advertising you need to give them alternatives. We own a bookshop and have an events business."

The N'West Iowa Review, Sheldon, Iowa, Jeff Wagner, president

"We provide content not available anywhere else. We have a positive attitude, but we have to take smaller profits."

Sun Journal, Lewiston, Maine, Judith Meyer, executive editor

"Now that the trust (National Trust for Local News) has taken over, the company has started to invest in staff. We have learned to be resourceful. We know we are able to run lean. And the higher the obstacle the more creative we have to be. I consider us to be the scrappiest paper in Maine. We are able to keep the focus every day."

Cape Gazette, Lewes, Delaware, Jen Ellingsworth, editor

"We have such a great natural market, very many successful businesses, good housing market and good schools. Hyper local."

Ford County Chronicle, Paxton, Illinois, Will Brumleve, news editor/publisher

"The dedication of the owner/partners. We're winning awards, and giving people the coverage that they want. As long as you do that, you will find people that are willing to pay for it."

Montclair (N.J.) Journal, Liz George, publisher

"We're nimble, agile and quick."

West Essex Tribune, Livingston, N.J., Jennifer Chciuk, publisher

I think if we didn't go non-profit, it would be very challenging. We are seriously fighting to keep our toehold in town. I'm seeing more and more community newspapers starting to go that way. To be able to take tax-deductible donations, apply for grants, could be the difference in what keeps us alive. I wrote a piece and said that without assistance we're not going to survive, and in two weeks got \$20,000 in donations. They cared enough to say we want to make sure you're still here."

Coastal Point, Bethany Beach, Del., Darin McCann, executive editor

"The most important factor in its success is covering every aspect of each town."

Lake Oswego Review, Oregon, Patrick Melee, editor

"Its success is based on being truly local, covering what no one else covers. It is a place for questions about the city. It tries to make connections with schools, businesses."

North Scott Press, Eldridge, Iowa, Erin M. Gentz, editor

"The most important factors in its success and reader appreciation are its customer service and accurate, reliable news."

The Daily Sentinel Nacogdoches, Texas, Rick Craig, publisher

The support of the family-owned organization we're part of, the commitment the owner has to community journalism and the value we provide to our communities. We were five days a week before the pandemic, and we cut back to two, yet we've continued to provide the same level of coverage in two days, along with our web coverage. Our goal is to provide coverage they can't get elsewhere."

Lakeland Times, Minocqua, Wisc., Heather Holmes, general manager

“We have owners who have ink in their veins. It’s a unique personality. We get challenged every day. We aren’t here to make friends. We’re here to tell the story. My boss said if I go to a bar and see our editors and reporters hanging out with town officials and buying them drinks, I fire them.

“We don’t cater to a particular group. You have to have something for everyone: hard news, hard hitting editorials, outdoor news, hunting fishing, gardening, birth notices, obits; we have correspondents doing the softer side; we list memorial services, and let people know where to drop off leaves and branches in the spring and fall. We have heavy sports coverage, high school, middle school, with pictures. People pay for the newspaper because it has good content, diverse material and we’re careful about accuracy.”

Cape May County Herald, Rio Grande, N.J., Benjamin Hall, associate publisher

“The number one factor contributing to our long-term success is our evident care and concern for the people, culture, institutions, and environment of Cape May County — the community in which we live.”

Forest Park Review, Oak Park, Illinois, Dan Haley, publisher

“We continue to make headway in educating people that if you want this civic asset (local news) you have to help pay for it. There are now 2,500 people donating, with the largest donor contributing \$100,000 a year.”

The Highlands Current, Cold Spring, N.Y. Chip Rowe, editor

“Geography. We are in a wealthy community. We are in close proximity to New York City and to talented writers who are willing to contribute even though we don’t pay much. We have a good mix of content,

something everyone likes to read – features, events, expansion of businesses and new businesses.”

Natchez Democrat, Mississippi, Stacey Granning, publisher and regional editor

“Early and current management. Founders set up a great foundation. Current management is fiscally sound. Also, the quality of the product. We have good writing that informs readers why what they're reading is important. We hold government accountable.”

WHAT DOES THE FUTURE HOLD?

Our study identified a number of factors that have allowed newspaper organizations to succeed. While almost all of the editors and publishers interviewed stated they believe their financial viability was sustainable for the long haul, that seems far from inevitable given current trends.

One key element in their favor is their willingness to accept modest profit margins. That helps explain why none of the news organizations in our study was owned by national chains, whose profit margins tend to be higher, though they have fallen dramatically from the days when 35% to 40% margins enjoyed by national chains were not uncommon. Although no reliable revenue information is available for privately held chains today, it is believed that margins are in the single digits for chain and independent newspapers alike.

Will the surviving nondaily news organizations be able to make the transition from dependence on print advertising to digital advertising? According to a Pew Research Center study, the share of revenue from digital advertising rose from 17% in 2011 to 48% in 2022. However, the increased percentage of revenue coming from digital sales largely reflects a dramatic loss in print advertising.

According to Pew, annual newspaper revenues are estimated to have declined from \$50 billion in 2000 to less than \$10 billion in 2023.

While all but one of the news organizations in our study had websites, only a handful indicated that digital advertising represented anything close to a significant share.

The key question is whether surviving newspapers today can continue operating without making major changes to the way they do business. Most researchers and industry observers are doubtful.

Ken Herts, the Lenfest Institute's chief operating officer, says the root of the problem for many news organizations is their failure to focus on expanding their digital audience and building a business model that can succeed in an industry that has lost 80% of its revenue in the last two decades.

"It's really about building digital engagement," he said. "Tell me your social media strategy. It's not about clicks, but repeat customers. Having a local, loyal engaged audience is required journalism."

Those newspaper owners who are truly committed to the community have an advantage over those who are more interested in large profit margins, says Nick Mathews, a professor at the University of Missouri and author of "Reviving Rural News: Transforming the Business Model of Community Journalism in the US and Beyond." "There are tremendous opportunities. The bottom line doesn't have to be so substantial to make a living."

At the same time, publishers and editors need to meet the readers where they are – online. Doing it the same old way isn't enough.

But thanks to the emergence in the past few years of a variety of news and academic organizations, nonprofits and public interest groups that fully comprehend how essential a thriving news environment is to healthy communities and a healthy democracy, there are hopeful signs.

Different groups have taken different approaches. Among them:

- + Converting struggling news organizations to 501(c)(3) nonprofits
- + Increasing philanthropic support
- + Providing educational programs on a variety of topics, from developing new business models to assisting successful transition to digital journalism.
- + Pushing for passage of state and federal legislation aimed at keeping organizations sustainable
- + Collaborating with other like-minded organizations to find solutions that work best given differing circumstances.
- + The franchise model

In each case, there is a recognition that legacy media is living on borrowed time.

“Time is of the essence,” Steve Waldman, founder and president of Rebuild Local News, writes on its website. “If we don’t, we will enter into a grotesque era of ‘tribal news’ on the local level. Trustworthy local information will be replaced by social media garbage, partisan harangues and misinformation.” Instead, we need an era of ‘civic news.’”

See Appendix C, Resources, for a list of many of the groups most active in helping to assist community newspapers through legislation, education/training, philanthropy and research.

Here are some of the key strategies:

Legislation, public policy

The pace of organizations working to get government support to help newspapers survive has picked up dramatically in the past few years. But it has been slow to evolve, in part because of the reluctance of some publishers and editors to seek help that could jeopardize their editorial independence.

“The problem,” UNC’s Abernathy says, “has been that many news organizations don’t want any government money.” But the thinking has evolved as the depth of the problem has deepened. Many have come around to the thinking of Waldman and Rebuild Local News.

“Public policy has helped the media at key moments in American history,” Waldman says. “The government has devised policies that are nonpartisan and First Amendment friendly.”

As examples, Waldman points to the subsidy of postal rates for newspapers and the creation of a public broadcasting system. Subsidies to news organizations are common in most advanced nations.

In the United States, a number of legislative proposals have been advanced at the state and federal level.

According to Bregmann of Rebuild Local News, five states have already passed legislation that has been helpful to newspapers. Seven to 15 more states are considering such legislation. One of the first to act was New Jersey, which in 2018 allocated \$5 million to an independent "civic information consortium" to support local news.

Most recently, the New York state Legislature approved \$30 million a year in payroll tax credits to hire local journalists and protect current jobs. About half that amount will go to newsrooms with fewer than 100 employees. Outlets can receive a refundable tax credit against 50% of the first \$50,000 of a journalist's salary. A newsroom can receive up to \$300,000 in tax credits.

Tax credits for hiring reporters and for businesses that advertise in newspapers is one of the key initiatives of Rebuild Back Local's wide-ranging agenda. It is generally seen as one of the most effective ways to make newspapers sustainable. Several states are considering legislation similar to that approved by New York's Legislature.

Rebuild Local News also advocates for tax credits that taxpayers can use to pay for a subscription to a local news source or make a donation to a local nonprofit news organization.

Rebuild also is lobbying for legislation that would ease IRS rules that could facilitate the creation and sustainability of nonprofit news organizations, create a national service program for journalists and offer loan forgiveness for journalists who work at local nonprofit news organizations.

At the federal level, there has been little progress in efforts to support local news outlets. The Journalism Competition and Preservation Act (JCPA), which requires tech firms to negotiate payout terms "in good faith" with news publishers for distributing their content, has been introduced multiple times by bipartisan members of Congress, but has yet to make it to a vote.

Converting to nonprofit

Local nonprofit news is in the midst of a sustained multiyear expansion into more communities, according to Sharene Azimi, communications director of the Institute for Nonprofit News (INN). They have launched at an average rate of more than one per month, for a total of 81 outlets since rapid growth began in 2017.

More than 90% survive past the startup phase, although the attrition rate is much higher in years three to five, some studies have found.

INN, founded in 2009 to build a nonprofit news network that provides education and business support services, now has 450 members. There are many more nonprofits that are not part of INN. Since the beginning of the year, INN has been inundated with requests for information on how to become a nonprofit, Azimi said. INN works with both startups and established news organizations.

The best candidates for becoming nonprofit are those that are “meeting community need” and are able to get local support from major donors beyond seed funding, as well as donations from readers, Azimi said. Affluent communities, with wealthy individuals and successful businesses, tend to be the best candidates for conversion to non-profit status.

The process of becoming a nonprofit can typically take more than a year. It requires filing for nonprofit status in the state, which classifies organizations as community owned, allowing the news outlet to accept donations and grants as a portion of its revenue. Ad and subscription revenue become tax-exempt.

Gaining nonprofit status also requires filing for federal tax-exempt status as a 501(c)(3) with the IRS, which allows those who donate to the news organization to take deductions on their federal income tax.

According to a 2023 INN report, established local news nonprofit organizations derive 45% of their revenue from foundations, 23% from donations and 26% from earned revenue. Startups receive 63% from foundations, 31% from donations and just 6% from earned revenue.

Among 132 local outlets that provided revenue data for 2022, nearly two-thirds reported receiving grants from community or local foundations, and four in 10 said that source represented 50% or more of their total foundation revenue. The median contribution from a community or local foundation to a local outlet was an estimated \$50,000.

A little more than a third of outlets grew their web audience in 2022, but a similar portion saw their average monthly unique visitors decline. Local outlets were more likely to see their web traffic increase, according to INN, while outlets focused on national and global coverage were the least likely.

The franchise model

This model, founded in New Jersey in 2008, has expanded to a network of more than 90 independently owned and operated local news and digital marketing sites, mostly in New Jersey. There also are franchises in New York, Pennsylvania and Florida.

Each TAPinto site is franchised to a local owner/publisher and provides daily digital news content. Through TAPinto's publishing platform, the franchisees plug into the company's templated websites and are able to begin posting stories, pictures and videos without much technological background. Each franchise sells its own advertising, though they can also share ads and news content across the network.

To become a franchise owner, there is an initial fee of \$5,000, a monthly franchise fee of \$500 to \$600 and a continuing license fee of 10% of all revenue.

Most of the sites are operated by one full-time person, who typically reports and sells ads on the site, according to TAPinto founder/owner Michael Shapiro. He says many of the people who operate the sites earn more than \$100,000 a year.

TAPinto is often the only local news coverage in the communities it serves.

Philanthropy

One indication of the growing recognition that the hollowing out of the newspaper industry is having an adverse impact on communities across America and on democracy itself is the upward trend in philanthropic giving directed toward journalism.

Several established foundations and other organizations have been providing grants to news organizations for decades. But dozens more have sprung up in recent years. A 2023 study by NORC at the University of Chicago found that more than half of funders said their journalism grantmaking had increased in the last five years, with roughly a third reporting funding journalism for the first time.

Twenty-six foundations gave more than \$50 million in 2022 and an additional 41 gave between \$10 million and \$50 million, according to the report. The trend is expected to continue, with more than half saying they anticipated larger investments in the future.

Unfortunately for nondailies and smaller publications, most of the philanthropy has been directed to large media organizations in urban

areas and to nonprofits. According to Abernathy, more than 90% of the funds have been directed to communities with populations of 80,000 or more.

A report by Boston Consulting Group estimated \$150 million per year is given to nonprofit news outlets. The same report said that industry needs up to \$1.75 billion.

In recent days there has been a greater focus on helping smaller, nondaily newspapers. Press Forward, a national coalition of more than 20 major donors led by the MacArthur and Knight foundations, will distribute \$500 million to news organizations over the next five years.

It will allow philanthropic organizations to prioritize grants and other donations to existing for-profit and nonprofit news organizations. They can either donate to a large pool or direct the funds to specific local news initiatives.

One hundred local news organizations will receive about \$100,000 in funding for general operating support. Outlets with a budget of up to \$1 million will be eligible.

Waldman, of Rebuild Local News, says philanthropy must continue to help local media, but the “scale of the crisis is overwhelming.” From 2008 to 2018, U.S. newspaper revenue decreased by more than \$23 billion, he said on his website.

National Trust for Local News

The National Trust, founded in 2021, raises funds to acquire existing newspapers, mostly geographically clustered, small weeklies, then operates them much like national chains to help make them sustainable.

As Ross McDuffie, chief portfolio officer, puts it, the nonprofit trusts “provide the transformational expertise and resources they need to serve their communities for generations to come.”

The trust now has 63 newspapers, concentrated in Maine, Georgia and Colorado.

McDuffie says they focus on markets of 250,000 population or less in which there are identifiable sources of local and state philanthropy. In addition to raising capital for acquisitions, they seek “transformation capital” needed to modernize operations and diversify revenue sources.

The trust seeks “beachhead acquisitions,” where it can acquire two or three newspapers at the same time, in an effort to achieve efficiencies through scale, much as the major national newspaper chains try to do. The only difference, McDuffie says, is that the papers are all 501(c)(3) nonprofits, with a goal of 5% operating margins.

Digital startups and transitioning

Several groups that have formed over the past few years have made digital journalism an important part of their mission. To some, including the Lenfest Institute, it is central to that mission.

The biggest challenge continuing to confront news organizations is developing a business model that can succeed in the digital age, says Lenfest’s Herts. Lenfest has developed several programs aimed at educating organizations on strategies for improving audience engagement, sharing best practices and understanding and developing needed infrastructure.

Lenfest is supportive of all strategies to help struggling news organizations, but is skeptical about the ability of those that have become nonprofit to be sustainable long term.

“The problem with ownership structure change (to nonprofit status) is if they just do things the same way it won’t work. Nonprofit is a tax status, it’s not a solution.”

LION Publishers focuses on helping startups build more sustainable businesses by providing grants, education and “sustainability audits.”

Andrew Rockway, LION’s associate director of sustainability audits, says the organization has 520 members and estimates there are about 1,800 digital startups in the U.S.

While there have been some notable startup success stories, the failure rate for digital news sites is similar to the average for all types of business startups – about 20%. The problem for news sites, says Abernathy, is that most raise only enough money to survive for one year. “They need a five-year plan. Sixty percent of all digital sites have not made it past five-year mark.”

Project Oasis, a collaboration between the University of North Carolina’s Hussman School of Journalism and Media, the Google Initiative, LION Publishers and Douglas K. Smith, provides research on digital journalism as well as “step-by-step guidance and checklists for aspiring entrepreneurs.”

There are more than 700 locally focused digital news publications in the U.S. and Canada. A third of them launched in the last five years, an increase of nearly 50%, representing an average of more than 50 launches per year.

Coverage of local news dominates these digital news publications. Two-thirds said hyperlocal reporting is central to their editorial strategy.

One in five publishers believe their digital news publication has reached sustainability and another two in five say they are heading in that direction, according to Project Oasis. Many digital news publications rely heavily on a single source of significant revenue, most often local advertising.

“I absolutely believe in local newspapers,” says University of Missouri’s Nick Mathews. “They are a tremendous amount of work, but there is tremendous reward. They need to be old school in being creators and facilitators in their community.”

Old school means having publishers, editors and reporters who are part of the community, and are committed to covering it thoroughly.

Those newspaper owners who are truly committed to the community have an advantage over those who are more interested in large profit margins, says Mathews. “There are tremendous opportunities. The bottom line doesn’t have to be so substantial to make a living.”

THE KEY TAKEAWAYS

+ There has been exponential growth in the past few years in the number of news and academic organizations, nonprofits and public interest groups that have offered a variety of strategies to help community newspapers not only survive but thrive.

+ The existence of these groups, and the benefits they can provide to struggling news organizations and digital startups, is not well known by many in the news industry. Perhaps one of the prominent academic institutions that has been shining a spotlight on the problems facing

news organizations could serve as a clearinghouse of information for all the groups that are working to assist the industry. That should include a complete listing of the groups, along with brief descriptions of their mission and the services they provide, and contact information.

+ Historically, most of the philanthropic funding has gone to larger news organizations in urban areas. Lately, that seems to be changing somewhat. More assistance is becoming available to small community papers.

+ Groups engaged in helping the news industry should make sure information about the assistance they can provide is widely disseminated through national, state and regional press associations and other channels.

+ Most knowledgeable industry observers agree that news organizations will not survive without making major changes to the way they do business. Several organizations specialize in offering education on creating successful and sustainable business models.

+ Having publishers, editors and reporters who are part of the community, knowledgeable about it and committed to covering it thoroughly are essential to the success of a news organization. That theme was stated repeatedly by the editors and publishers interviewed for this study.

+ There is no substitute for community journalism basics: Local, local, local. Names make news. Be visible in the community. Have a physical presence there and be readily accessible to the public by phone or email. Give the Scouts, sports leagues, schools and community organizations the coverage they deserve – and want to read about. Also, lots of photos (and videos) of graduations, proms, community events and anything of historical interest.

+ Providing editorial leadership has long been one of the key functions of a community newspaper. IRS requirements that prohibit 501(c)(3) nonprofit newspapers from making political endorsements is troubling. There also is considerable confusion amongst editors we interviewed about what types of editorial positions are acceptable to the IRS. The groups assisting nonprofits should seek to clarify the language, with the goal of removing limitations on editorials entirely.

+ Publishers and owners shouldn't be squeamish about pushing for legislation that can benefit their news organizations' bottom lines. Such efforts already are helping in some states. Successful legislation anywhere should be used as templates by state and national press associations everywhere.

+ End the heavy dependence on traditional advertising sources. Don't hesitate to seek donations from readers and community groups or to put content behind pay wall. If the content is deemed valuable, readers will respond.

+ Build community engagement. Industry observers say it is critical to building loyal audiences. That means effective use of social media, newsletters, and other means of getting readers to return to your digital site.

Randy Bergmann spent about one third of his 40-plus-year newspaper career as a community newspaper editor for the twice-weekly Princeton (N.J.) Packet. He also was a national editor at the Associated Press in New York City, a longtime editorial page editor at the Asbury Park Press and editor of the New Jersey Herald, a small daily in Sussex County, N.J. He has a master's degree in journalism from Ohio University, a

bachelor's degree in journalism from Rider University and also did graduate work in journalism at New York University.

His research team included Michael O'Hara, former publisher of the New York Press and former general manager of The Princeton Packet; Aubrey Huston, former executive editor of The Princeton Packet; Larry Benjamin, former editorial writer for the Asbury Park Press; Audrey Blumberg, owner/publisher at The Breeze (Bridgewater, N.J.), co-owner of TAPinto Flemington-Raritan (N.J.), and former editor of the Bridgewater Patch; and Prucia Buscell, free-lance writer and former Asbury Park Press bureau chief.

APPENDIX A

Newspapers included in the study

The Ark, Tiburon, Calif.

<https://www.thearknewspaper.com/>

Casa Grande Dispatch, Casa Grande, Ariz.

https://www.pinalcentral.com/casa_grande_dispatch/

Coastal Point, Bethany Beach, Del.

<https://www.coastalpoint.com/>

Eldridge North Scott Press, Eldridge, Iowa

<https://www.northscottpress.com/>

Elmer Times, Elmer N.J.

No website

Ford County Chronicle, Paxton, Ill.

<https://www.fordcountychronicle.com/>

Forest Park Review, Oak Park, Ill.

<https://www.forestparkreview.com/>

Fort Worth Report, Fort Worth, Texas

<https://fortworthreport.org/>

Lake Oswego Review, Lake Oswego, Ore.

<https://www.lakeoswegoreview.com/>

Lufkin Daily News, Lufkin, Texas

<https://lufkindailynews.com/>

MV Times, Martha's Vineyard, Mass.

<https://www.mvtimes.com/>

Montclair Local, Montclair N.J.

<https://montclairlocal.news/>

Mount Desert Islander, Bar Harbor, Maine

<https://www.mdislander.com/>

New Jersey Hills Media Group, Whippany, N.J.

<https://www.newjerseyhills.com/>

Natchez Democrat, Natchez, Miss.

<https://www.natchezdemocrat.com/>

Ocala Gazette, Ocala, Fla.

<https://www.ocalagazette.com/>

Park Cities People, Dallas, Texas

<https://www.peoplenewspapers.com/tag/park-cities->

Storm Lake Times Pilot, Storm Lake, Iowa

<https://www.stormlake.com/>

Sun Journal, Lewiston, Maine

<https://www.sunjournal.com/>

The Highlands Current, Cold Spring, N.Y.

<https://highlandscurrent.org/>

The Hinsdalean, Hinsdale, Ill.

<https://www.thehinsdalean.com/>

The Inquirer and Mirror, Nantucket, Mass.

<https://www.ack.net/>

The New Bedford Light, New Bedford, Mass.

<https://newbedfordlight.org/>

The Pilot, Southern Pines, N.C.

<https://www.thepilot.com/>

The Taos News, Taos, N.M.

<https://www.taosnews.com/>

Vermont Standard, Woodstock, Vt.

<https://thevermontstandard.com/>

West Essex Tribune, Livingston, N.J.

<https://www.westessextribune.net/>

APPENDIX B

The questionnaire

Is your newspaper print only, digital only or print and online?

Who is the owner?

How long under current ownership?

What year first published?

Date(s) of week published

Pricing: Free? Weekly/annual price

How delivered: By mail? Carrier?

Is online content behind pay wall?

How many towns are covered: How many separate flags?

How many full-time news staffers? How many part-time news staff?

How many stringers/correspondents?

Over the past five years, how many news staffers have you added or cut?

How profitable? (Pick one): Very. Somewhat. Just breaking even.

Operating at a loss

Revenue sources (By percentage of total):

Advertising/Classifieds/Legals/Subscriptions, print, digital/foundations, grants/donations/other

Do you believe your organization will be financially sustainable over the long term?

Chief competitor for news

Chief advertising competitor

On which social media platforms do you post content? How much content?

Do you push breaking news, other content or top news summaries to reader emails?

Do you use AI for any newsroom operations?

Do you publish local editorials? (If not, why not?)

Do you allow reader comments on online stories? (If not, why not?)

APPENDIX C

RESOURCES

ACADEMIC AND INDUSTRY RESEARCH

American Press Institute

Supports local and community-based media through research, programs and products that “foster healthy, responsive and resilient news organizations.”

<https://americanpressinstitute.org/> Email: hello@pressinstitute.org

Hussman School of Journalism and Mass Media at University of North Carolina

Provides valuable research into the challenges confronting the industry. It also includes a comprehensive Local News Support Database.

<https://www.cislm.org/innovation/local-news-support-database/>

<http://hussman.unc.edu/> Email: hussman@unc.edu. Phone: 919 962-1204

Medill School of Journalism at Northwestern

A premiere industry research university. Its Local News Initiative The State of Local News reports are the most comprehensive surveys of local news trends.

<https://localnewsinitiative.northwestern.edu/projects/state-of-local-news/2023/>

medill-it@northwestern.edu Phone: 847 491-2050

Poynter Institute

A global nonprofit that strengthens democracy by improving the relevance, ethical practice and value of journalism through teaching, publishing, seminars, fact-checking and media literacy,

<https://www.poynter.org/> Phone: 727 821-9494

Reynolds Journalism Institute at University of Missouri

Tests and implements new technologies and experiments with new approaches to producing, designing and delivering news, information and advertising.

rji@rjionline.org Phone: 573 884-9121

Tow-Knight Center for Entrepreneurial Journalism at CUNY

Serves as a catalyst for journalism innovation and sustainability by running education programs and events. Its online certificate program helps media entrepreneurs develop niche ventures — from newsletters and podcasts to local news sites — into sustainable businesses.

<https://www.journalism.cuny.edu/centers/tow-knight-center-entrepreneurial-journalism/> Phone: 646 758-770

DIGITAL, STARTUPS AND TRANSITIONING

Google News Initiative

Works to strengthen digital journalism, focusing on growing revenue and increasing audience engagement. Provides helpful tools and training.

<https://newsinitiative.withgoogle.com/>

LION Publishers

Focuses on helping startups build more sustainable businesses by providing grants, education and “sustainability audits.”

<https://www.lionpublishers.com>. Email: hello@lionpublishers.com

Online Newspaper Association

ONA is the world’s largest digital journalism association. It is open to anyone interested in online news and provides industry insights and best practices, a career center, a directory, events and networking opportunities. Its website includes an industry directory.

<https://journalists.org/>

Project Oasis

A collaboration of the University of North Carolina’s Hussman School of Journalism and Media, the Google Initiative, LION Publishers and Douglas K. Smith, it provides research on digital journalism as well as “step-by-step guidance and checklists for aspiring entrepreneurs.”

<https://www.projectnewssoasis.com/> Email:
<https://www.projectnewssoasis.com/contact>

EDUCATIONAL PROGRAMS AND TRAINING

Lenfest Institute

Offers strategic advisory services, runs training programs, provides grant funding, and synthesizes best practices to support sustainable solutions for local news providers and their communities.

<https://www.lenfestinstitute.org/about/> Phone: 215 854-5600

Local Media Association

LMA focuses on the business side of local media. Its programs and labs focus on revenue growth and new business models. Areas of focus are reader revenue, branded content and journalism funded by philanthropy.

<https://localmedia.org/about-lma/> Phone: 615 229-5181

FRANCHISE JOURNALISM

Patch

Patch is a national news network of more than 1,000 hyperlocal websites covering community news in towns across America.

<https://patch.com/>

TAPInto

A network of more than 95 independently owned and operated local news and digital marketing platforms in New Jersey, New York,

Pennsylvania and Florida. Each site is franchised to a local owner/publisher.

<https://www.tapinto.net/> Email: editor@tapinto.net Phone: 908 279-0303

LEGISLATIVE SUPPORT FOR INDUSTRY

Rebuild Local News

A coalition that focuses on advancing government policies to counter the collapse of local news, revitalize community journalism and strengthen democracy. It advocates for legislation at the state and federal levels that can help sustain the news industry

<https://www.rebuildlocalnews.org/> Email:
<https://www.rebuildlocalnews.org/contact-us/>

NONPROFITS

Institute for Nonprofit News

Provides guidance on how to become a nonprofit, as well as other education and business support services to more than 450 independent news organizations. Its members are both startups and established news organizations. It promotes the value of public-service and investigative journalism.

<https://inn.org/about/who-we-are/> Email: info@inn.org Phone: 818 582-3560.

National Trust for Local News

A nonprofit that buys local newspapers and is dedicated to conserving, transforming and sustaining community news organizations. and invests in their modernization.

<https://www.nationaltrustforlocalnews.org/> Email: info@ntln.org

PHILANTHROPY

American Journalism Project

First-ever venture philanthropy dedicated to nonprofit local news. Makes grants to nonprofit news organizations, partners with communities to launch new organizations and coaches leaders as they grow and sustain their newsrooms.

<https://www.theajp.org/> Email: hello@theajp.org

Press Forward

Press Forward partners are moving from individual grantmaking strategies to a shared vision and coordinated action. Press Forward is a national coalition that includes many major foundations, investing more than \$500 million to strengthen local newsrooms, close longstanding gaps in journalism coverage, advance public policy that expands access to local news, and to scale the infrastructure the sector needs to thrive.

<https://www.pressforward.news/> Email: info@ntln.org

PROFESSIONAL ORGANIZATIONS

Inland Press Association

An industry trade organization that works to support and sustain newspapers.

<https://www.inlandpress.org/about/> Phone: 847 795-0380

National Newspaper Association

A newspaper support network that offers training, a community forum, an ideas exchange, postal training and reader and advertising education, and government relations training.

<https://www.nna.org/> Phone: 217 241-1400

Society of Professional Journalists

Its mission includes being vigilant in protecting First Amendment guarantees of freedom of speech and press and stimulating high standards and ethical behavior in the practice of journalism.

www.spj.org Phone: 317 927-8000

