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# A Landscape Study of Emerging Local News Models Across America

*A Shorenstein Center Discussion Paper*

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Author

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## Introduction

“Between 1970 and 2016, the year the American Society of News Editors quit counting how many newspapers had fallen, 500 dailies went out of business,” reported Jill Lepore in her New Yorker article this year titled *Does Journalism Have a Future?*. This comes as no surprise to those who follow news. Unless you live in a major urban center where a local paper has a wealthy owner, you have also seen the slimming down of your newspaper.

The decline has intensified. Between 2004 and 2018, nearly 1,800 dailies and weeklies closed. Today, half of U.S. counties have only one newspaper while 200 counties have none, according to a University of North Carolina study. Almost 400 digital upstarts have emerged, but they are mainly found in big cities and affluent areas. As another acute measurement of the state of affairs, we lost 45 percent of newspaper “newsroom” employees – journalists and editors who report the news – between 2008 and 2017, according to Pew Research.

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Even the promise of a digital press has crumbled. Along with about a quarter of digital-native news sites, Lepore wrote that a third of the nation’s largest newspapers that tried to add a digital presence reported layoffs, including The Cleveland Plain Dealer, The Boston Herald, The Denver Post and The San Jose Mercury News. A year ago, The Boston Globe’s Evan Horowitz predicted the dilemma: “While you might have hoped that the decline of printed newspapers was being offset by a rise in internet-based news coverage, that doesn’t seem to be the case.”

HuffPost’s early success was an example of the promise of the digital model. This new online newspaper adopted a legacy title “Post” but was built by bloggers and most were unpaid. Despite having circumvented some of the cost of reporters and taking in \$146 million dollars in advertising revenue in 2018, it failed to turn a profit. The next generation experiments have also stumbled. BuzzFeed News laid off a hundred people in 2017 and double that number in 2019, and the youthful, venture-capital created Mic let go of most of its editorial staff and sold to Bustle for \$5 million.

Local journalism is in crisis, off and online. Years of downsizing in the face of digital disruption have weakened regional and local news organizations. And the problem is growing worse, as advertising continues to shift in substantial measure to Facebook and Google. The Wall Street Journal reported that these giant tech platforms had secured over 86 percent of advertising growth in the industry by 2017. They now have 77 percent of all digital advertising revenue in local markets and 58 percent at the national level.

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The Wall Street Journal’s [recent examination](#) of the state of local media noted the difference between newsrooms with money and those without: “A stark divide has emerged between a handful of national players that have managed to stabilize their businesses and local outlets for which time is running out.” [WSJ also reported](#) that “the pain was most pronounced among mid-sized papers with circulations between 100,000 and 200,000 -- papers like Advance Publications Inc.’s Oregonian and A.H. Belo Corp.’s Dallas Morning News, where circulation dropped some 45 percent between 2012 and 2018. As print ads disappeared, the publishing cost of maintaining a bigger circulation became untenable for many papers.”

A metric for success in local news is the ability to afford the design and implementation of digital strategy. As has been seen with The Boston Globe and The Washington Post, a deep-pocketed owner can transform a legacy paper. As smaller papers fail to make the digital transition that larger players have made, we see a steep decline in local news. [WSJ reporters Keach Hagey, Lukas Alpert, and Yaryna Serkez wrote in May 2019](#), “Local papers have suffered sharper declines in circulation than national outlets and greater incursions into their online advertising businesses from tech giants such as Alphabet Inc.’s Google and Facebook Inc...The shrinking of the local news landscape is leaving Americans with less information about what’s happening close to them, a fact Facebook recently acknowledged as it struggled to expand its local-news product but couldn’t find enough stories.” Hagey, Alpert, and Serkez point to the futility of digital subscription for local papers in their metrics. “The Times converts 3.6% of its readers and the Journal 4.5%, while Gannett, which has a big audience across its local papers, is especially inefficient, converting just 0.4 % of its digital audience into paying subscribers.”

Most cities and towns lack a local billionaire owner, and many local papers are being consolidated under single umbrella owners, or purchased by private equity firms. Both consolidation and private equity ownership in local news have led to massive layoffs and been accompanied by scandal. A recent bid by the hedge fund firm Alden Global Capital to buy Gannett, the nation’s largest chain of daily newspapers which includes USA Today, is a prime example. While the hostile takeover bid was defeated in a proxy fight, it still revealed Alden’s questionable practices. [As reported in The Washington Post](#), Alden now controls more than 100 local newspapers and it is currently being investigated by the federal government for moving close to \$250 million of employee pension savings, a total of 90 percent of the retirees’ savings, to invest in high-risk positions in two funds it owns. Alden now owns The Denver Post, The San Jose Mercury, and The Bos-

ton Herald under the brand MediaNews Group. It also owns The Orange County Register and The Press-Enterprise in southern California.

But even with the tension over who will finally own Gannett, it is worth noting that its digital subscriptions are only at 538,000 Americans, [as reported by USA Today](#). This is a small amount for a newspaper with national reach, considering The Boston Globe, which covers only one major metro area, now has over 120,000 subscribers. The Washington Post has 1.5 million digital subscribers and The New York Times, 3.5 million.

Alden's bid for Gannett was one in a long list of purchases by the private equity firm. Alden has long been considered a nemesis by many in the newspaper business, given the way it cut costs. [The Washington Post](#) also reports the hedge fund has cut jobs more rapidly than other owners of newspapers. The Post reported that in 2016, while Alden managed over \$200 million of pension money from its newspaper employees, it then financed the \$52 million buy of the Orange County Register and Press-Enterprise in southern California. The Labor Department is looking at whether Alden used the pension money to buy the other assets.

On May 30th, [news broke](#) that GateHouse Media and Gannett are in merger talks, which would bring together the two largest newspaper groups in the country looking to trim costs and transform in this exceedingly difficult local news environment.

Sinclair Broadcasting Group is another major player in local news and the largest owner of television stations in the United States. Its failed \$4 billion bid to acquire Tribune Media, which owns over 40 television stations across the country, would have given Sinclair a hold on media for 72 percent of American households. Offering original programming on 193 channels, Sinclair still holds enough stations to reach 39 percent of all American homes. Last year, Sinclair was criticized for its right-wing bent that was amplified in a viral video which spliced together clips of newscasters reciting the exact same words. Sinclair is controlled by the family of founder Julian Sinclair Smith and headquartered in Maryland. Sinclair chairman David D. Smith has been a longtime Republican donor, [who recently announced](#) he would operate as an outlet for the Trump administration: "we are here to deliver your message." [The Intelligencer reports](#) that "Sinclair [formally promised to provide favorable coverage to Donald Trump's 2016 campaign](#) (in exchange for access to the GOP nominee). Since the election of President Trump, the media giant has ordered all of its affiliates to [air commentary that advances White House talking points](#), and coerced

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their own anchors into saying that the mainstream news media are biased against the president.”

The Newhouse family, the owners of Condé Nast Inc., the media company that includes Vogue, Vanity Fair, and The New Yorker along with 25 local newspapers, social news site Reddit, and a holding in Discovery Communications, is selling newspapers. In May, The New Orleans Advocate bought The Times-Picayune from Advance Local Media, the Newhouse family’s media empire.

Given the difficult economic reality and limited opportunities for capital, it seems nearly impossible for there to be innovation in the local market. This said, there are limited signs of progress.

For the purpose of this landscape study, we have focused on two types of local news: digital startups in local news — both nonprofits and for-profits — along with the purchase of legacy newspapers and magazines by wealthy owners.

Here are a number of emerging trends across the U.S. in local news:

**The Billionaire Local Newspaper Club:** Local newspapers are getting massive infusions of capital from wealthy individuals and families, to help them get up to speed digitally so they can compete against Facebook and Google, which have the data and audience.

**Emerging Nonprofit Models:** In the past few years we have seen a snowball effect in the rise of nonprofit news, as well as the consolidation of resources in the nonprofit space. The Lenfest Institute and American Journalism Project are two large players, which each have \$40 million to give to local news experiments. They grew their funds with money from private industry donors, tech companies, and foundations. This has helped foster a surge in nonprofit support, from the Annual NewsMatch donation campaign to the Institute for Non Profit News (INN), which has grown to be a network of over 200 nonprofit media organizations in North America that share best practices, pool resources, and receive training in new technologies and business development.

**For-Profit Models:** We are seeing very few commercial local news startups, but there are a few trying to make a dent as commercial enterprises. What is most notable is the turnaround of legacy newspapers by deep-pocketed and business-minded owners and the roll-up of many legacy papers by private equity firms.

**Mobilizers:** Mobilizing organizations, including Report for America, the American Journalism Project, and ProPublica’s Local News Project, are setting out to bolster local newsrooms with external support and staff.

**Accelerators:** Borrowing from the startup accelerator model, these organizations train new journalism startups on how to grow and use digital tools. These include The Information Accelerator, the Lenfest Institute, Facebook Accelerator, Google News Initiative, and the Membership Puzzle at NYU.

*Where possible, we interviewed, via email, the nonprofit and for-profit local startups to gather the following information: revenue paths, subscription base, mission or unique offering, size of their city or town, collaborations, and number of fulltime and freelance staff.*

## The Billionaire Owners Club - A Timeline

The rush to own a legacy title will be remembered as a turning point for the dying end of the fabled American publishing industry that defined much of the twentieth century. A recent timeline of wealthy owners of legacy local newspapers and fabled-national magazines across America shows a five-year flurry between 2013 and 2018:

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**2013 John and Linda Henry**, billionaire owners of the Red Sox, financiers, and Boston residents buy [The Boston Globe, its websites and affiliated news businesses](#), and the Worcester Telegram & Gazette for \$70 million in cash, from The New York Times. Over the past seven years, the Henrys have transformed the Globe's digital presence, sold the longtime headquarters in South Boston and moved the entire organization into downtown Boston's financial district — all the while experimenting with delivery models. With a newly designed space that nods to the history of one of the most significant metro newspapers, The Boston Globe has focused on the future revenue model of local news. There is only one price for a digital subscription — \$6.93 a week, billed every four weeks for a total of \$27.72 per month.

**2013 Jeff Bezos**, founder of Amazon, buys The Washington Post for \$250 million from the Graham family who had owned the paper for 80 years.

**2013 Jessica Lessin** founds The Information in Silicon Valley with her own family wealth. For a lofty \$399 a year, or \$39 a month, Lessin provides subscribers with two stories a day and an appealing array of networking events around the globe. She will not reveal the amount she invested to build her glossy and substantial tech-meets-local digital play, but she told [the Columbia Journalism Review](#), “it was not in the tens of millions of dollars.”

Lessin was a seasoned Wall Street Journal reporter, once on the Harvard Crimson staff, who wanted to create a subscription-based digital media company. Her husband, Sam Lessin, had become a fixture on the New York tech startup scene before selling his startup to Facebook, and the couple is close friends with Mark Zuckerberg and his wife Priscilla Chan. The Information has emerged as a leading business online magazine for the tech industry, with tens of thousands of subscribers across 84 countries.

**2014 Glen Taylor**, chairman and CEO of the Taylor Corporation based in North Mankato, Minnesota, a majority owner of the Timberwolves and Lynx basketball teams, and a former Republican state senator, purchases the Minneapolis Star Tribune for about \$100 million. Under the leadership of Michael Klingensmith, CEO and publisher of the Star Tribune, the

nation's 12th largest daily newspaper has been a model for many on how to transform to digital with a quality product and stay profitable.

**2014 H.F. (Gerry) Lenfest**, at 84, reluctantly buys The Philadelphia Inquirer, the Philadelphia Daily News, and Philly.com with his friend and entrepreneur Lewis Katz, for \$88 million. Katz then dies in a plane crash and Lenfest becomes the sole owner after buying out the Katz family's \$16 million stake. He famously said afterward, "I just figured out how to become a millionaire in the newspaper business. It's easy. You start out as a billionaire, and you buy a bunch of newspapers."

**2016 Gerry Lenfest** donates his entire holdings of The Philadelphia Inquirer, the Philadelphia Daily News, and Philly.com to the nonprofit Institute for Journalism in New Media, part of The Philadelphia Foundation as a public-benefit corporation, under the non-profit ownership of the Institute. He then founded the **Lenfest Institute for Journalism** as a non-profit organization whose "sole mission is to develop and support sustainable business models for great local journalism," with an initial endowment of \$20 million. He believed a strong local press is fundamental to the health of civic life in the Philadelphia region and to our democracy. Lenfest saw a critical role for the Institute in helping fund and protect journalism in Philadelphia. In this spirit, he then added an additional \$40 million match pledge as a prompt for other Philadelphia philanthropists to support their local news. Donations included \$15 million from an anonymous donor, \$3 million from David Haas, \$2 million from the Wyncote Foundation (owned by Haas), and contributions from Facebook, the Knight Foundation and others. When **The Washington Post** reported on the story, it explained that contrary to the term "nonprofit," these public-benefit corporations can indeed make profits, but to retain tax-exempt status, the money must go back into the organization rather than into someone's pocket.

**2017 Craig Newmark**, founder of craigslist and the Craig Newmark Philanthropies (founded in 2016) starts making major donations to journalism. Over the past three years, he has donated more than \$70 million to journalism efforts, many of them grassroots players. Grantees include Data and Society, cybersecurity and disinformation efforts, the Markup, and NYC journalism schools, including \$20 million to the Craig Newmark School of Journalism CUNY and \$10 million to the Columbia Journalism School to establish the **Craig Newmark Center for Journalism Ethics and Security**, which will advance journalism-ethics education in the digital age. He also donated \$1.5 million to the Shorenstein Center for its disinformation research leading up to the 2018 midterms.



**2017 Laurene Powell Jobs**, widow of Steve Jobs, buys a majority stake in The Atlantic through the Emerson Collective — a social impact firm she runs — from David Bradley, who bought it for \$10 million two decades ago.

**2018 Laurene Powell Jobs** buys the newly created live magazine, San Francisco-based Pop-Up Magazine Productions and California Sunday Magazine. California Sunday is distributed every weekend in the Los Angeles Times, the Sacramento Bee, and the San Francisco Chronicle. The company has also backed Axios and Ozy Media and is now funding the nonprofit startup the American Journalism Project, described later in this paper under “Mobilizers.” Powell Jobs has said that she finds the demise of local news particularly troubling and she donates to nonprofits like the Marshall Project, Mother Jones, the Texas Observer, ProPublica, and the American Journalism Project. In an interview with Recode’s Kara Swisher, Powell Jobs expressed that she sees local news as “under attack” and believes that “we should think about it as a civic good, a public good that should be supported by public and private entities.”

**2018 Patrick Soon-Shoing**, biotech billionaire and inventor of cancer drugs worth \$7 billion, according to Forbes, buys the Los Angeles Times from Tronc (now Tribune Publishing), as well as the San Diego Union-Tribune, Spanish-language Hoy Los Angeles, and community newspapers, for \$500 million. He has since invested another \$150 million into the L.A. Times, and has ambitious plans to grow from his current 170,000 digital subscribers to 5 million. He told the Wall Street Journal last March that “he envisioned the L.A. Times as a kind of super-regional news source, with its primary focus on being the paper of record for California’s 40 million residents, rather than trying to compete directly for a national audience with The New York Times or The Washington Post. But he also wanted to expand the L.A. Times’ audience reach into Mexico, western Canada and across the Pacific Rim, as well as into surrounding states.”

**2018 Marc and Lynne Benioff**, the founder of Salesforce.com and his wife, buy Time Magazine for \$190 million from the Meredith Corporation, an American broadcast and magazine conglomerate that had purchased Time Inc less than a year earlier. [The New York Times reported](#) that Meredith had turned away many interested parties, including a more than \$325 million offer from David J. Pecker, a confidant of President Trump and chief executive of American Media Inc., publisher of The National Enquirer. Benioff tweeted, “The power of Time has always been in its unique storytelling of the people & issues that affect us all & connect us all. A treasure trove of

It is worth noting that newspaper wars are a win for locals. When two local papers compete, even if the market can't or won't sustain them, the residents benefit.

our history & culture. We have deep respect for their organization & honored to be stewards of this iconic brand.”

**2019 John and Dathel Georges**, owners of The New Orleans Advocate, purchased their longtime rival The Times-Picayune and its digital property NOLA.com from Advance Local, which had owned it for half a century. Advance is a subsidiary of Advanced Publications, owned by media moguls Samuel “Si” and Donald Newhouse, who were born into one of the country’s most powerful publishing families. The Newhouse family also owns the privately-held-company Condé Nast Publications — publisher of Vogue, The New Yorker, Vanity Fair — the social news site Reddit, a substantial stake in Discovery Communications, and newspapers in over 25 U.S. cities. In 2015, the Newhouse brothers sold cable TV outfit Bright House Networks to John Malone’s Charter Communications for \$11.4 billion in cash and stock. The battle between the Newhouse-owned Times-Picayune and Georges-owned Advocate had become heated over the past few years in New Orleans.

John Georges is founder and CEO of Georges Enterprises, a company based in Elmwood, La., specializing in acquiring and growing businesses. It invests in food vending, grocery distribution, video and arcade entertainment, restaurants, and media outlets. Dathel Georges’ family owns Oil Mop OMI. **The New York Times reported** that the purchase of the historic Times-Picayune by the locally-owned Advocate was announced over Baked Alaska. Every employee at The Advocate was served a slice of dessert adorned with the two papers’ logos as they learned that The Advocate had bought, for an undisclosed amount, the brand, the site, and the subscriber list of the historic paper and its digital upstart, but would not retain its employees.

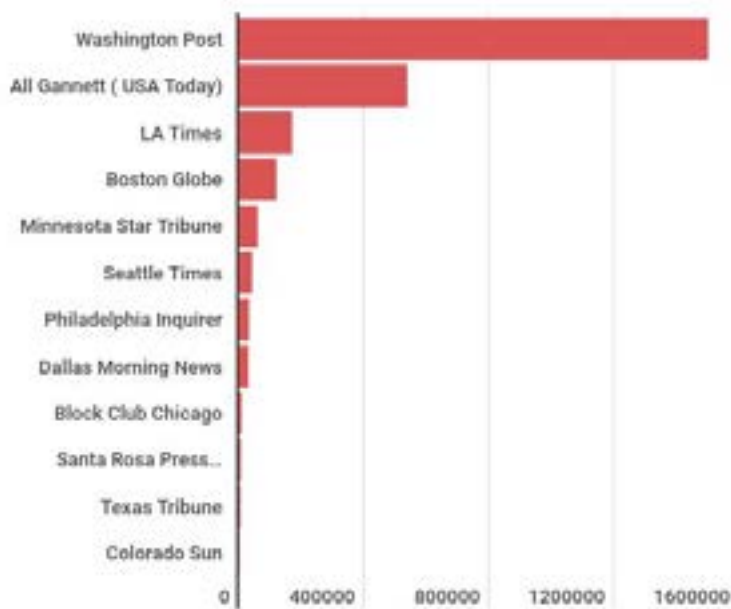
It is worth noting that newspaper competition is a win for locals. When two local papers compete, even if the market can't or won't sustain them, the residents benefit. **As The New York Times pointedly summarized**, “Reporters for The Advocate dogged **crooked officials**, exposed **racist police** and, in 2018, wrote **a series** of articles on Louisiana’s acceptance of non-unanimous jury verdicts in criminal trials, which led to a change in the law and a Pulitzer Prize.” Meanwhile, Nola reporters were breaking big news with detailed investigations into the state mental health care system, into **sexual harassment** in the restaurant world, and **chronicled** the steady and ominous disappearance of the Louisiana coastline.

While the digital transformation funded by private wealthy owners of local

news or niche-industry-news pertinent to a city is beginning to show progress, there is still an enormous opportunity and challenge to convince local residents to buy a subscription and pay to sustain the local newsroom. To help begin to understand the scale that is needed to ensure local news survives — be it digital subscriptions or nonprofit membership — we created two data visualizations around digital subscribers based on the research in this landscape paper. The first shows how big the gap is between the early successes of the NYT and The Washington Post, while also recognizing both are more than local papers and reaching to a much broader audience of readers than their local zip codes.

## Will Digital Subscriptions Save News?

The Digital Migration: Digital Subscribers Who PAY for News in the U.S.



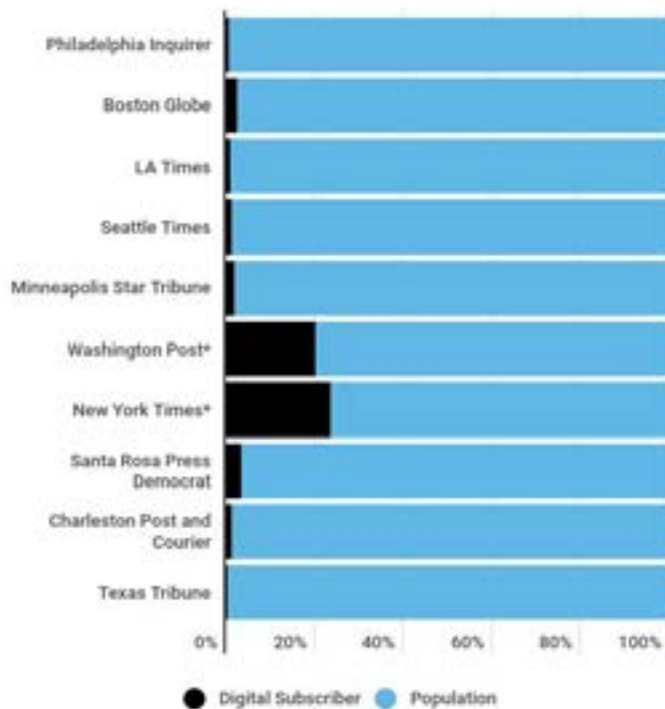
While prices, launch years for digital subscriptions, market size, and products differ, this is an interesting snapshot of current paid digital subscribers across America (June 2019). The NYT currently has the largest paid digital base at 3.5 million. @heidilegg @ShorensteinCtr

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This second data visualization, again focused on digital subscribers, compares the subscription base to the actual greater metro area that the outlet covers. This is a more hopeful graph as it shows the potential growth for these digital plays — if they can find a price point to entice residents to subscribe. (Note: this graph leaves out success stories such as the *VTDigger* and *Berkeleyside* which on average each have 300,000 page views a month but don't measure by subscriber or member. In the case of *VTDigger* it counts \$750,000 in donations last year, and *Berkeleyside* counts 300,000 page views per month but is ad based. It is difficult to compare the success of alternative models.)

## Will Digital Subscribers Show Up?

Digital News Subscribers by City: This graph shows that digital has huge market potential if people are willing to pay for local news. (July 2019)



Populations were calculated by greater metropolitan areas (Austin for Texas Tribune). \*The NYT and Washington Post are considered national papers, even global, yet we used their greater metro population. @SborensteinCtr @heidlegg

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## Emerging Nonprofit Models

One of the most significant responses to the decimation of the industry's revenue models has been the proliferation of nonprofit news organizations.

One of the most significant responses to the decimation of the industry's revenue models has been the proliferation of nonprofit news organizations. Some versions are adaptations of the longtime membership models of local NPR and PBS stations where you buy a membership to support your local newsroom, and many are what are being called "single subject nonprofits," focused on specific topics as varied as veterans, guns control, education, and and appealing (for readership and support) to niche audiences.

The John S. and James L. Knight Foundation, a leader in journalism funding, announced a \$300 million commitment to local news this year. While nonprofits are on the rise, even for-profit newspapers are now seeking donations from the community and foundations like Solutions Journalism looking to support local news for investigative reporting. Both the Burlington Free Press and The Seattle Times are applying for grants to pursue deeper reporting for beats such as education, the environment, and local government.

In 2017, the Harvard Kennedy School's Shorenstein Center began an 18-month study of a cohort of single-subject nonprofit emerging models, lead by research fellow Dr. Elizabeth Hansen. The Knight Foundation-funded Single Subject News Project provided news outlets with training and best practices on how to find, build, and engage audiences. The cohort of nine newsrooms included The War Horse, The Marshall Project, The Trace, Chalkbeat, and The Hechinger Report, which cover veterans' issues, criminal justice, gun violence, local education news, and innovation and inequality in education, respectively. Also studied were ProPublica, The Texas Tribune, Reveal from The Center for Investigative Reporting, and The Center for Public Integrity, as investigative and nonprofit models with broader coverage areas. Hansen's findings will be published this summer.

The Knight Foundation, often in collaboration with the Lenfest Institute, has heavily funded the nonprofit space, helping to launch organizations like the Institute for Nonprofit News to support the proliferation of nonprofit news sites.

In the past few years, a number of nonprofit newsrooms have become sustainable. Bloomberg [reported](#) that ProPublica, an investigative news site with about 120 employees, launched in 2008, and "generated \$30.2 million in revenue in 2018, up from \$28.3 million the year before." Its goal from the beginning, according to president Richard Tofel, has been to secure enough funding to lock down \$25.5 million in reserves, which would cover a full year of expenses.

However, there have also been some nonprofit newsrooms that could not make it on their own. The Raleigh Public Record, Oakland Local, and the Chicago News Cooperative have closed or suspended operations, as examples. For the most part, leaders like Mother Jones, ProPublica, and The Texas Tribune are advocating for a press that sustains itself as a nonprofit, funded by members who care about good journalism.

### **The Texas Tribune**

The Texas Tribune has been the poster child of the nonprofit models emerging over the past few years. When most people thought of nonprofit news, the model was only and always public radio and television stations with brands like NPR, PBS, BBC, and CBC. As a 501(c)3 nonprofit organization, this new media model in local news, based solely on charitable support (without government funding), is supported by individual contributions and membership, major gifts, corporate sponsorships, events, and foundation grants.

Thornton was evangelizing the concept of journalism as a public good.

Founder and venture capitalist John Thornton and his wife Julie seeded the venture in 2009 with an initial million dollars and launched the local Texas digital-only outlet with journalists Evan Smith and Ross Ramsey. From 2008 to 2009, Thornton was evangelizing the concept of journalism as a public good. After securing a nonprofit tax status, Thornton quickly raised \$2.4 million in support from philanthropists such as former Democratic Lt. Gov. Ben Barnes, financier T. Boone Pickens, and businessman Red McCombs. The Knight Foundation, Gates Foundation, and Houston Endowment brought him another \$1.1 million in 2009 and \$2 million in 2016. Close to 70 corporate sponsors pledged \$2,500 as co-founders of the publication. Corporate sponsors are also solicited to sponsor the website and over 50 live-on-the-record TribLive events, including the annual Texas Tribune Festival, a three-day-gathering which attracts thousands of attendees to Austin to learn about Texans' most pressing challenges and encourages thoughtful discussion and solutions.

The Texas Tribune describes itself as the only member-supported, digital-first, nonpartisan media organization that informs Texans — and engages with them — about public policy, politics, government, and statewide issues. It touts its impressive coverage of state politics with the largest statehouse news bureau in the U.S. covering higher education, health care, immigration, criminal justice, energy, poverty, the environment, transportation, and more.

In September 2018 Nieman Lab reported that The Texas Tribune had close to 2 million visitors a month and 4,399 paying members. Membership amounts can vary. In comparison, The Boston Globe is approaching 120,000 subscribers. A subscription to the digital version of The Boston Globe is \$27.72 per month or over \$330 a year. **Bloomberg reported** that “the Texas Tribune generated \$9.1 million in revenue last year, up from \$7.7 million in 2018. Of its projected \$10.1 million in revenue this year, the site expects to get about \$2 million from major donors, close to \$2 million from corporate sponsors and about \$2 million from events like its annual festival. That helps pay for the largest reporting staff covering any state capital in the country.”

TribTalk launched as a way for the state to get talking with an active op-ed site that connects offline through 50+ on-the-record, live events per year. All of the digital paper’s content is free to print for radio and television news organizations throughout Texas to help bolster newsroom coverage of issues that affect the state. It has entered a similar partnership with The Washington Post. The premise is that a robust central newsroom in each state that feeds other news organizations is a way to bolster quality local news. Data sharing is another digital advantage which robust early funding of The Texas Tribune made possible. Many other journalists have tried to build local digital models like this, but few had this type of deep funding base. It really is an example of how substantial funding by digital-savvy founders, and this new era of nonprofit news, can lead to the return of a robust local news model. The Texas Tribune’s success mirrors what are seeing with the billionaire-owned Boston Globe, LA Times, and The Washington Post, but potentially more so, as it doesn’t have the legacy staff, infrastructure, and unions to contend with.

Today, John Thornton has moved his focus to the nation at large and raised \$40 million for his new nonprofit venture, the American Journalism Project, which he launched earlier this year with Elizabeth Green, the founder of Chalkbeat. Armed with a \$20 million seed grant from the Knight Foundation over five years and \$22 million from other sources including Emerson Collective, their goal is to rebuild America’s local news. Time will tell whether the American Journalism Project can help other news startups replicate Thornton’s success with The Texas Tribune.

### **THE CITY, NYC**

Former investment banker John Wotowicz is taking a slide out of John Thornton’s deck, with which he was well acquainted as a member of the board of The Texas Tribune as well as NPR. Wotowicz made a splash in New York City in May by announcing that he would launch a new digital-only local news outlet called THE CITY. In New York, where it is go

big or go home, Wotowicz has \$10 million to start with, triple Thornton's startup capital at The Texas Tribune which launched a decade ago.

In a recent interview in [Bloomberg News](#), the investment banker laid out the company's cap table and said that he continues to look for additional funding. His plan is to spend most of the funds on 18 reporters with a burn rate of \$4 million per year, giving him what he called a "buffer" to try to build the outlet over two and a half years. To date, the site has 400 members donating anything from \$1 to \$2,500. Like The Texas Tribune, THE CITY hopes to secure corporate funding as well.

As home to the most vibrant media brands in the country, New York City is hardly a news desert. However, local brands have been failing. In 2017 the upstart DNAinfo shuttered, followed the next year by the Village Voice and the firing of half of the newsroom at the iconic Daily News. However, other for-profit startups have emerged, like the neighboring Brooklyn Eagle.

### **The Tampa Bay Times**

The Tampa Bay Times was one of the earliest outlets to experiment with nonprofit benefits, when it changed ownership in 1978. Indiana publisher Paul Poynter bought the paper based in St. Petersburg, Florida in 1912. His son Paul later assumed majority control of the paper, and upon his death willed his holdings of the newspaper to the nonprofit Poynter Institute, a journalism education nonprofit which holds it as a for-profit taxable subsidiary. It is the closest model to the Lenfest Institute and Philadelphia Inquirer setup in Philadelphia. Unfortunately, The Times has experienced significant losses, turning to bank loans, layoffs, and buyouts to stay afloat [as reported in the Columbia Journalism Review](#), illustrating the challenges of using fundraising as a business model. As the only newspaper in Tampa, in 2017, [the newspaper took a loan](#) of \$12 million from local investors including Tampa Bay Lightning owner Jeff Vinik.

### **The Salt Lake City Tribune**

The latest legacy paper to turn towards a nonprofit model, The Salt Lake City Tribune announced on May 5 that it too would apply to the IRS to change tax status. While Gerry Lenfest put The Philadelphia Inquirer into a trust yet kept it as a for-profit that has to reinvest its profit into the newspaper, the 148-year old Tribune is seeking IRS permission to change the newspaper from a [privately owned business to a community asset](#). What is a community asset? The newspaper cannot accept tax-deductible donations so it has adopted a twofold strategy: to create a foundation to support independent journalism in Utah — a foundation endowed by the same owner



When announcing the change, Huntsman was careful to stress the importance of “church and state” divides, a long-held tenet in journalism that the newsroom editorial decisions are deeply independent from the interests of the publisher.

as the newspaper, with The Tribune as a major recipient. At the same time, Paul Huntsman, a wealthy businessman who bought Utah’s main newspaper in 2016, would transfer his ownership to a public board as a nonprofit 501(c)(3). Like other local dailies across the nation, The Tribune has been suffering for revenue and Huntsman laid off a third of its staff this past year, leaving only 60 employees remaining. Most of its revenue is now from digital subscribers and the newly installed paywall, and only a fraction is from online advertising.

When announcing the change, Huntsman was careful to stress the importance of “church and state” divides, a long-held tenet in journalism that the newsroom editorial decisions are deeply independent from the interests of the publisher. In a [Tribune news report](#) Huntsman said, “Having that firewall is vitally important to us. It always has been and always will be. We’ve seen how publishers can manipulate that process, and it really damages the integrity of the institution and it’s harmful for the community.” He claims they will not be accepting any funding from those who wish to influence editorial decisions.

There are several organizations mobilizing local newsrooms, which we detail later in this landscape paper, two of which are Report for America and ProPublica’s Local Reporting Network. The Tribune will accept two Report for America reporters this year as well as team up with ProPublica, based in New York, to collect and analyze data around hate crimes and incidents of bias. The application for nonprofit status could take up to a year to be approved but the wheels are in motion and Huntsman nods to The Tampa Bay Tribune and The Philadelphia Inquirer as models to emulate.

### **CALmatters**

Founded in 2015 by Simone Coxe and David Leshner with an [initial \\$3 million in funding](#), CALmatters [describes itself on its website](#) as “a nonpartisan, nonprofit, community-funded journalism whose mission is to make California’s democracy better by increasing government transparency and accountability.” Much like The Texas Tribune, it focuses heavily on state legislation and policy issues. This past year it named Neil Chase, the former executive editor of the Mercury News and the East Bay Times, as the new CEO. Prior to that, Chase was managing editor at CBS MarketWatch and continuous news editor at The New York Times. While Leshner will remain editor, Chase’s leadership was reported by CALmatters as necessary “to expand its high-quality journalism and its mission to improve California’s democracy through more understanding, transparency, and accountability.”

Like The Texas Tribune, (CalMatters) shares its content with 150 news organizations including all of California's major newspapers and public radio stations.

To date, the California digital upstart has been funded by philanthropic donations and membership, and says it will move towards earned revenue streams such as sponsorship, events, advertising, and syndication. CALmatters has a total of 30 people on staff with reporters in Sacramento and Los Angeles who produce hundreds of stories each year. Again, like The Texas Tribune, it shares its content with 150 news organizations including all of California's major newspapers and public radio stations. Collaborative journalism is indeed alive and well in California, as we also see with Bay City News later in the paper. In 2018, CALmatters produced an award-winning election guide and added a podcast, a daily newsletter, a forum for statewide commentary, and a series of public events. It has also received several state and national awards for in-depth collaboration and innovative storytelling formats that included videos and interactive media.

### **Montana Free Press**

The one-man show. There are a few of these out there and they are both lofty and admirable. Founded by John Adams, a lone journalist on a mission, the Montana Free Press entered the national conversation when filmmaker Kimberly Reed featured Adams as an investigative journalist in her 2018 documentary, *Dark Money*, about the influence of corporate money on the American political system. She uses her home state of Montana as a launch pad for a broader national discussion on super PACs and Citizens United. In the film, Adams' journey and determination to cover his state house after cuts at his local newspaper is inspiring. Soon after the documentary premiered at Sundance, Adams began receiving checks from new donors interested in supporting his reporting efforts. Montana Free Press is a nonprofit news organization dedicated to filling the investigative reporting gap created by shrinking statehouse news bureaus in Montana. It provides its content free of charge and its revenue streams includes individual contributions, grants, and monthly recurring donations.

Adams' plan is to eventually implement a program to generate revenue via weekly republication fees, sponsorship, and limited advertising online, in his newsletter. In 2018, the Montana Free Press had 81 monthly donors and 2,500 email newsletter subscribers. It estimates its potential market at near 250,000 people across the state of Montana. The Montana Free Press pushes an email to readers two to three times per week and is currently working with legacy print newspapers and public radio to fill the gap. The newsroom has one full-time staff writer and a handful of freelance journalists. Adams says they prioritize investigative, political, and economic reporting on issues of statewide interest and importance. As a member of INN, Adams is committed to transparency and a code of ethics and lists all do-

nors over \$5,000 on the newsroom’s website. His two largest are the Daylight Foundation (\$65,000) and High Stakes Foundation (\$30,000).

### **Block Club Chicago**

The year-old Block Club Chicago is a nonprofit news organization dedicated to delivering reliable, nonpartisan news coverage to Chicago’s underserved and diverse neighborhoods. Created by former DNAinfo Chicago editors following the shutdown of DNAinfo and Gothamist in November 2017, it has reporters embedded in neighborhoods across the city. It is mission-driven to source stories that other media outlets overlook and put a value on stories that may not be important to all neighborhoods. It covers news geographically, instead of by subject, and each reporter has a neighborhood beat. Editor-in-chief and co-founder Shamus Toomey wrote in an email, “Anything that happens in those borders is her/his responsibility. The closures of iconic restaurants and bars. The opening of small businesses. The accomplishments of neighborhood residents. History. Nostalgia. Outrage. Injustice. We like to say no story is too small — because ‘small’ stories are often bigger than you think, especially if you professionally report them out and show people why they are important.”

[Block Club Chicago] covers news geographically, instead of by subject, and each reporter has a neighborhood beat... “Anything that happens in those borders is her/his responsibility.

This subscription-based news service offers five free stories a month, after which it asks readers to pay \$6 a month or \$50 a year. It offers free breaking crime news to all. Revenue streams also include fundraisers, grants, live events, merchandise sales, and private donations. A pre-launch [Kickstarter](#) for the newsroom that raised \$183,000 from 3,100 different donors was the most successful local news Kickstarter campaign in the U.S. at the time. With a potential reach of 2.7 million Chicago residents as well as many more suburban commuters, according to Toomey Block Club Chicago has nearly 8,000 paid subscribers and its free email newsletter reaches close to 80,000 people every weekday morning. With its current trajectory, Block Club Chicago hopes to add individual newsletters by neighborhoods twice a week.

The newsroom is collaborating incessantly with a long list of outlets that includes many of the nonprofit darlings of the past few years: ProPublica Illinois, Solutions Journalism, the Better Government Association, the Daily Line, Chalkbeat, City Bureau, the Chicago Reporter, The TRiBE and other local outlets. It will add a Report for America fellow beginning in June and its newsroom now counts 11 full-time staffers and a growing collection of freelance contributors. Early funders include Civil Media, CoGen Coworking, Sarah Sears Design, Pink House Media, The Hideout, and Quote.

### **PublicSource Pittsburgh**

A nonprofit news group producing original investigative and in-depth, public-service reporting, analysis, and first-person narratives from the Pittsburgh region, PublicSource Pittsburgh is funded by foundations, individual donors, and events occasionally supported by corporate sponsors. Over 500 donors have helped PublicSource reach 40,000 to 60,000 readers a month, according to an email from its team. They also wrote that its designated market size is 2.3 million people in the Pittsburgh area. The digital paper has two email products: a weekly main roundup and a weekly newsletter focused on development. PublicSource collaborates with WESA, the local NPR station, and the open-source publication 100 Days in Appalachia, and works closely with the library network in Pittsburgh. It has also teamed up with local nonprofits on events.

Its news is reported by 12 full-time staff members and over 20 freelancers with whom they work consistently. PublicSource's main focus is on enterprise local journalism, with four investigative projects a year. It also spends a great deal of energy fostering writing skills within the community through first-person storytelling "straight from the source." Some readers call the latter "the source of unvarnished truth on publicsource.org."

### **Honolulu Civil Beat, Hawaii**

Created by eBay founder and philanthropist Pierre Omidyar in 2010 first as a for-profit, Honolulu Civil Beat was an early entry into the digital-only local news space. In June 2016, Civil Beat removed its paywall and transitioned to a nonprofit status, and it now reports that it is a member of INN. It describes itself as an investigative news website that practices watchdog journalism in Hawaii. As another 501(c)(3) tax-exempt news organization, it is dedicated to "cultivating an informed body of citizens and striving to make Hawaii a better place to live."

Each morning the Morning Beat newsletter is emailed to thousands of unpaid subscribers and it hosts robust community debate and commentary on its Facebook page and groups.

Civil Beat receives substantial support from Pierre and Pam Omidyar through the Omidyar Ohana Fund, a donor-advised fund at the Hawaii Community Foundation. It also accepts and relies on donations from individuals, foundations, and businesses. With a focus on forums that allow for a broad range of views, Civil Beat encourages debate in a civil manner with two regular public event vehicles that have a goal of "stimulating positive change." Like other outlets we've outlined, Civil Beat prides itself in following strict journalism ethics and it does not align with political or

“We believe news is a public asset and that Civil Beat can and should be a good community partner, not just an arms-length observer recounting news of the day. We have a stake in this community as much as it has a stake in us.”  
- Honolulu Civil Beat

special interest groups, following the Society for Professional Journalists’ ethics codes and general news practices outlined by the Associated Press. We are seeing more and more nonprofits attach the INN code of ethics and mission to reveal funders as part of this growing nonprofit space.

Civil Beat clearly views news as a community good, writing: “We believe news is a public asset and that Civil Beat can and should be a good community partner, not just an arms-length observer recounting news of the day. We have a stake in this community as much as it has a stake in us.”

Omidyar is also the founder of Democracy Fund, a foundation that funds the American Journalism Project, The Fix newsletter on Local News, research with regards to antitrust issues pertaining to platform accountability, and a number of other initiatives in American journalism. [Democracy Fund](#) says it “invests in organizations working to ensure that our political system is able to withstand new challenges and deliver on its promise to the American people.”

#### **VTDigger**

VTDigger was founded by Anne Galloway in 2009. This experienced local newspaper editor has created a state-focused nonprofit news startup in Vermont averaging 330,000 monthly users, with a staff of 24 full-time employees and an annual budget of \$1.7 million. Galloway confirmed these numbers by email in May 2019.

Galloway really demonstrated the power of local news in 2013, when VTDigger began exposing alleged fraud at the Jay Peak Resort, as reported in [Tim Griggs’ Shorenstein Center study](#). The study, a collaborative project with the Knight Foundation and INN, details how two years after Galloway broke the story, the Securities and Exchange Commission finally investigated the claim and charged the developers with 52 counts of security fraud and the misuse of \$200 million in immigrant investor funds. VTDigger was on the map and hired a first-ever D.C.-focused journalist to cover the Vermont delegation in the Capitol.

Griggs describes Galloway as “passionate about the mission and dogged in pursuit of both watchdog journalism and sustainability.” Galloway began VTDigger as a for-profit in 2009 but the going was tough given she couldn’t seed fund it herself. She was introduced to Paul Bass of the New Haven Independent in Connecticut (featured below in this landscape study) and he offered to take her site under his nonprofit umbrella as a fiscal sponsor, the Online Journalism Project. Bass was a maverick in the early

In the last couple of years, VTDigger has expanded to include a weekly podcast called the Deeper Dig, a dedicated mobile app, Facebook Instant Articles, topical email newsletters, a campaign finance database, paid posts from sponsors, and a bill tracker for the Vermont legislative session.

nonprofit local news space. In the earliest days, Galloway had 2,245 monthly users and was able to secure \$12,500 in seed funding from donors, which she spent on freelancers and website development. Within a year, VTDigger.org was born and was posting two stories a week. By May 2010, the site had grown to 15,000 monthly users. Later that year the traffic tripled to 45,000 monthly users and by 2011, Galloway had foundation and major gifts totaling around \$200,000 annually.

According to Griggs' study, in 2016 VTDigger had a combination of foundation revenue, major gifts, membership/donations, syndication revenue, corporate sponsorship, and events revenue bringing its funding to over \$1.2 million and 269,000 monthly users to the site in 2017. In the last couple of years, VTDigger has expanded to include a weekly podcast called the Deeper Dig, a dedicated mobile app, Facebook Instant Articles, topical email newsletters, a campaign finance database, paid posts from sponsors, and a bill tracker for the Vermont legislative session.

In response to Galloway's growing success, Lyman Orton, owner of the Vermont Country Store, approached Galloway with an offer to help. **He offered to gift her \$1 million** to help catalyze investment from other wealthy philanthropists across the state. He suggested a multiyear, multimillion dollar growth fund with a \$5 million goal. His stipulation was that she spend it now to transform and grow rather than put it into an endowment that lasts into perpetuity but only throws off four to five percent. With this support, VTDigger expects to generate nearly \$3 million in annual operating revenue. Galloway reports that in 2018, reader donations alone raised about \$750,000.

### **The Tyler Loop in Tyler, Texas**

The Tyler Loop co-founders Tasneem Raja and Chris Groskopf are pioneers in data-driven storytelling. Collectively these two innovative digital journalists have worked for major brands including NPR, Quartz, The New Yorker, Mother Jones, and The Atlantic. They created The Tyler Loop as an alt-weekly that focuses on deep storytelling around major issues concerning the residents of Tyler, Texas. The Tyler Loop launched as a nonprofit in 2017 to help residents of this diverse and growing city understand shared challenges and opportunities. A year later, it received 501(c)(3) status.

According to their website, The Tyler Loop editors select their stories based on questions that come to them via readers. They are currently researching affordable housing, while past stories have included retaining

young talent in Tyler, exploring storytellers, musicians, and organizers who are impacting the city, and traffic and traffic lights. They invite their supporters -- mainly Tylerites and East Texans -- to pay \$15 a month to retain membership. However, the newsletter and content are free even to non-members, and the founders are committed to no paywalls or popup ads. They add: “We report on this community because we love it, and your membership helps build a more connected, more informed Tyler for everyone who lives and works here. We believe in Tyler, and we thank you for believing in us.” This summarizes the ethos of most in local news today-- heartfelt ambition. We did not hear back from The Tyler Loop on precise membership numbers or funding sources. It does link to its legal conflict of interest policy to which board members must subscribe. As The Lenfest Institute recently reported, The Loop now has about 120 members and needs to reach 400 members to be sustainable. It has also sold out its first live event to a 300-person theater. Hopefully, nonprofit status will lead this husband and wife duo to some more substantial funding.

### **City Bureau, Chicago**

Founded in 2015, City Bureau is a nonprofit, membership-supported civic journalism lab based on the South Side of Chicago. As described on its site, its focus is on promoting collaboration between journalists and communities to produce media that it calls “impactful, equitable and responsive to the public”, and equipping people in the community who can effect change with the tools to tell stories. It is “ground up” journalism, and it explicitly says in its mission that it doesn’t believe in heroes but rather in a holistic, structural change focused on equity and inclusivity. It is also clear that while it may receive national and international attention for its work, it is committed to Chicago. In the spirit of transparency, it not only maintains a strict editorial independence policy but it lists all donors who have given more than \$5,000. City Bureau has received support upward of \$5,000 from the following organizations: the Annie E. Casey Foundation, Pierre Omidyar’s Democracy Fund, the Field Foundation, the Joyce Foundation, the MacArthur Foundation, the Robert McCormick Foundation, and the Voqal Fund. Between Block Club Chicago and City Bureau, it looks like nonprofit journalism in Chicago is alive and well.

City Bureau is also a member of INN, and it adheres to its standards of editorial independence.

### **The New Haven Independent**

Founded in 2005 by longtime New Haven journalist Paul Bass, this nonprofit digital-only local news outlet is produced alongside Bass’ Online

“I think it’s clearly one of the best established” born-digital news sites, says Alberto Ibarguen, president and CEO of the Knight Foundation (of The New Haven Independent)

Journalism Project which is funded by foundation grants, sponsorship, and donations with the Community Foundation of Greater New Haven as its major funder. With a staff of 10 and a \$420,000 annual budget, the site has 300,000 unique monthly visitors and produces stories that have had a deep impact in the community from lead paint poisoning and school reform to safer streets and improving the city’s bus system. As Dan Kennedy, a former Shorenstein fellow and author of “The Return of the Moguls” said in an interview with the [Yale Alumni Magazine](#), Bass and his team should be commended for “taking on a medium-sized urban community and just covering the hell out of it.”

Bass was an early innovator in nonprofit journalism for dailies. His creativity came at an important moment when Digital First began its decimating buyouts of local news, including the New Haven Register which was the regional daily for many in the area. While The Texas Tribune and VTDigger have much bigger budgets of over one million dollars, the New Haven Independent proves a great deal can be done with little funding. In 2017 it reported revenue of \$711,548 and expenses of \$572,822. “I think it’s clearly one of the best established” born-digital news sites, says Alberto Ibarguen, president and CEO of the Knight Foundation, which has helped fund the Online Journalism Project, in a [Yale Alumni Magazine profile](#). He calls the site’s work “absolutely essential to democracy.” Bass is an inspiration to the many young interns and reporters who he mentors, shouldering the roles of editor and reporter, radio host and producer, and fundraiser – all while earning only \$77,000 a year.

Under his umbrella of the Online Journalism Project, Bass also launched the Valley Independent Sentinel in Connecticut’s Naugatuck Valley, running these local initiatives with a collective budget around half a million dollars in 2015. Only a quarter of its funding came through foundation grants, down from 75% in previous years, with most of its money coming from [individual donors](#). The Independent has a partnership with [La Voz Hispana de Connecticut](#), through which the organizations [share office space](#) and Independent stories appear in the print edition of La Voz.

### **Inewssource, San Diego**

Founded in 2009, inewssource is another local nonprofit, nonpartisan news organization focused on data-driven, investigative, in-depth analysis of issues that affect residents of San Diego. The outlet covers local government, transportation, education, health, taxes, and the environment. Using web, radio and TV, inewssource has been the recipient of prestigious journalism awards from the San Diego Press Club and the Society for Journalists. It



Having taken a legacy news wire in the business to business (B2B) space and adding a nonprofit arm seems like an interesting hybrid for those looking for additional revenue paths in nonprofit models.

has been recognized for stories and data visualizations whose headlines include “Hustling Hope: Doctors Debunk Diabetes Treatments Fraud,” “Christian College Can’t Explain \$20 Million in Expenses,” and “Trauma and Transitions: How San Diego Schools Grapple with Educating Refugees.” The online upstart is based inside the KPBS newsroom, but it does not receive funding from the public radio station’s donor base and is not compensated for the content it shares with NPR and PBS affiliates. KPBS was founded in 1960 on the campus of [San Diego State University](#) (then San Diego State College). Reporters and editors at [inewssource](#) teach and mentor students at the San Diego State University [School of Journalism and Media Studies](#).

### **Bay City News (BCN), San Francisco**

It was hard to decide if BCN should be included in our nonprofit or for-profit roundup. Having taken a legacy news wire in the business to business (B2B) space and adding a nonprofit arm seems like an interesting hybrid for those looking for additional revenue paths in nonprofit models. Since 1979, over 500 journalists in the Bay area have earned their chops writing wire stories for BCN but today, under new ownership, a veteran newspaper journalist is building a hybrid in local news.

Bay City News is a 24/7 news wire for the San Francisco Bay area, home to 8 million residents, which was purchased by veteran journalist Katherine A. Rowlands in April 2018. Rowlands began her career at BCN before holding top positions at Bay Area News Group, which owned the Contra Costa Times, Oakland Tribune, and San Jose Mercury News at one time. She was a John S. Knight Journalism Fellow at Stanford where she spent her time studying emerging local news models and media leadership.

As publisher, Rowlands has continued to run the wire service to over 100 paid subscribers, including virtually all local media in the Bay Area as well as national and international media that want to keep tabs on the region. The monthly charge varies according to use and audience reach. Clients also include public relations and marketing agencies, law firms, local companies, and government and political entities. As the new owner, she has added a nonprofit arm, Bay City News Foundation, to create the consumer-facing website [LocalNewsMatters.org](#).

So, what’s her plan? In a recent [interview](#), she says she is soliciting donations for the 40-year-old BCN in an effort to add staff to the eight bureaus, photos and data visualization elements to the wire service, and expand into community news.

BCN is a for-profit corporation relying on B2B subscription from local businesses in the San Francisco Bay Area. For 40 years it has provided real-time, verified reports directly to media organizations, news websites, public affairs firms, and government agencies throughout the nine-county area on breaking news, court and police activity, fire emergencies, government and local politics, and environmental news.

Meanwhile, the nonprofit Bay City News Foundation uses philanthropic support to do more community news and public service-oriented reporting. In her first six months, Rowlands raised \$115,000 for the nonprofit arm to create the [LocalNewsMatters.org](http://LocalNewsMatters.org) website, hire freelancers and editors to report on the community, collaborate with other nonprofit news organizations, and create an internship program. She is committed to paid internships for women and people of color to expand the narrative and have a more diverse lens covering the region.

BCN will continue to sell its general news package and valuable Datebook calendar to clients who rely on the 24/7 coverage of the region, while its nonprofit arm fills the news deserts that have emerged with the contracting local coverage by legacy media outlets. It doesn't charge PR firms for adding news events to the Datebook calendar, but the list is curated to only show events that are newsworthy and likely to be of value to BCN media clients. After researching the many different models out there today, Rowlands landed on a hybrid that combines B2B business for newsgathering and delivery with a nonprofit for community and public service.

### **Gotham Gazette, NYC**

Gotham Gazette calls itself “a nonpartisan New York City-based online watchdog publication that covers city and state government with a goal to inform New Yorkers around policy decisions.” It is published by Citizens Union Foundation as a nonprofit, with revenue stemming from a combination of advertising, reader donations, and foundation grants.

Executive editor, Ben Max, says the Gotham Gazette covers the ins and outs, blood and guts of local government, with a focus on process, policy, hearings, voting, elections, and good government generally. The website clearly states that the Gotham Gazette is editorially autonomous from Citizens Union and Citizens Union Foundation, but the three organizations share budgets and resources and the nonprofit is registered under Citizens Union Foundation.

Revenue is derived from funding from readers and foundation grants, as well as occasional but limited advertising sponsorship by universities, com-

panies, or other entities. Today, Max writes that they have roughly 12,000 subscribers to their daily morning newsletter, The Eye-Opener, which provides their latest content as well as a round-up of stories from publications focused on city and state politics, plus other important information readers may want to know. On Saturdays, Gotham Gazette sends a review e-blast of its latest content, but it does not send push alert emails, only its morning email and weekend roundup.

Max outlines its potential market as perhaps half the New York City population of 8.5 million, plus others from Albany, where state government is seated, and other places around the state who may be interested in the Gazette's coverage of New York City and state government and politics. Entrepreneurially-minded, Max says, "Let's say 5 million people, though that is obviously highly aspirational given our narrow focus on local government and politics, but we can dream and work toward capturing as much attention as possible, in part hoping to help spark more of a broad interest in local civic affairs."

Gotham Gazette collaborates with City Limits, another small, nonprofit local newsroom and in recent years has partnered with WNYC News, mostly on election guides. The Gotham Gazette and City Limits editors also co-host a weekly WBAI radio show.

Today the Gazette counts four full-time staff and works with a rotating crew of freelancers. It focuses on storylines that others do not, which includes shorter day-of stories about topics like city council hearings, but also small- and medium-scale investigative pieces. It writes many policy explainer stories, does a lot of political coverage, especially around local elections, and publishes an active op-ed page. Max says that his reporters do not chase much breaking news, largely trying to publish only "unique" stories that no other publication will have, although they make exceptions for roughly 20 stories a year of significant magnitude.

### **Crosscut**

Crosscut is the Pacific Northwest's independent, reader-supported, nonprofit news site, on a mission to "provide readers with the facts and analysis they need to intelligently participate in civic discourse, and to create a more just, equitable and sustainable society," as it describes itself on its website.

Founded in 2007, Crosscut was a pioneer in the national landscape of local, online-only news outlets. As a small team of nimble local reporters, it broke new stories on transportation, homelessness, and the reshaping urban

landscape in the area. “As other news outlets downsized, Crosscut moved into beats that were being abandoned, including city and state government,” is how it tells its story. Its beats include politics, culture, equity, environment, and opinion. The user experience on its digital home is beautiful and modern and should be an example for many who want to earn more readers.

In 2015, Crosscut merged with KCTS 9 public television under the umbrella of a single, multi-platform nonprofit called Cascade Public Media.

### **SF Public Press, San Francisco**

The San Francisco Public Press, a 501(c)3 nonprofit founded in 2009, wrote in an email to us that it is a “local, noncommercial news organization that does for print and web journalism what public broadcasting has done for radio and television. The mission of the San Francisco Public Press is to enrich civic life in San Francisco by delivering public-interest journalism to broad and diverse audiences through print and interactive media not supported by advertising.” Through its digital and quarterly newspaper, and partnerships with other public media and civic groups, it reports on local issues including the environment, education, housing, homelessness, labor, and elections, and frequently hosts public events. Since 2009 it has established a reputation for producing high-impact in-depth reporting projects on a wide range of topics, explaining complex local policy issues in an accessible way, investigating problems, and reporting on ideas for tangible solutions.

Funding comes from grants and from a membership program for individual donors. It also derives a small amount of income from events and newspaper sales. While the number varies, it typically has 500 active members who have donated between \$35 and \$5,000 in the past 12 months. Over the past decade it has come to typically print 10,000 copies of each quarterly print edition and mail copies to all of its members. It also sells newspapers at about 40 retail locations around the Bay Area and distributes free copies to about 60 community and health centers serving lower income communities throughout San Francisco. It also distributes additional free copies at festivals and events throughout the year and has experimented with distribution of free copies hand-delivered to various neighborhoods and through similar direct mail efforts.

The Public Press’s newsletter is sent when it has new stories, print editions, events, fundraising campaigns, and news about the organization. Its frequency ranges between two and 12 email newsletters per month.

It is participating in the Bay Area Media Collaborative involving dozens of news organizations, on an in-depth, data-driven regional project on housing affordability in the Bay Area. In the past it has worked on projects with KALW, KQED, Bay Nature, Earth Island Journal, El Tecolote, the San Francisco Neighborhood Newspaper Association, the Commonwealth Club, New America Media, and others. It regularly reprints articles and audio transcripts from content partners — about 30 nonprofit news and public affairs organizations — in its quarterly print editions.

SF Public Press counts five full-time staff. A variable number of freelance reporters, photographers, copy editors, and distribution assistants brings the count to about 20 people annually. Prioritizing local investigative reporting, the staff often stays dogged on previous investigations and prides themselves on consistent follow up. The paper does not devote much energy to covering breaking news unless it happens around a story that it has been following as part of a current or recent investigation, and it rarely runs opinion pieces.

As a decade-old nonprofit, it now acts as the fiscal sponsor for Mission Local, a hyperlocal news organization that focuses its reporting on San Francisco's Mission District. But the innovation continues... the SF Public Press is expanding with a daily radio program, "City Hall Radio", which, as noted in our email interview, will consist of "one-on-one interviews and roundtable discussions about timely topics with elected officials, city employees, subject-matter experts, and community members who care about important local issues."

### **Resolve Philadelphia**

Resolve Philadelphia was founded in 2018 as a nonprofit to develop and advance journalism built on equity, collaboration and the elevation of community voices and solutions. Focused on solutions-oriented storytelling, its work is deeply rooted in community engagement with a dynamic and ongoing collaboration among local newsrooms in the country through the Resolve Reporting Collaborative. It is committed to featuring a healthy group of hyperlocal and ethnic media outlets in its collaboration, as well as a number of freelance and independent journalists.

The Resolve Reporting Collaborative currently produces Broke in Philly, a reporting project on economic mobility and solutions to poverty in the United States' poorest big city. As a result, the project puts solutions and investigations into challenges facing Philadelphians' financial situations at

Focused on solutions-oriented storytelling, its work is deeply rooted in community engagement with a dynamic and ongoing collaboration among local newsrooms in the country through the Resolve Reporting Collaborative.

the forefront of the city's reporting. Awaiting approval of its 501(c)3 status, Resolve Philadelphia is incorporated in the state of PA, and at this time is 100% grant-funded. In an email, it says that it realizes that this is not a sustainable path and it is working hard to develop new revenue models as it grows. It does not offer paid subscriptions. Its monthly newsletter reaches 2,093 subscribers and it also sends out a newsletter, which is a roundup of all partner reporting, every Friday.

It can get confusing these days in Philadelphia, now a hotbed of journalism innovation for local news. There are a great deal of experiments that are sparking hope with the Lenfest Institute and the Philadelphia Media Network (PMN), which owns The Philadelphia Inquirer, Philadelphia Daily News, and the newspapers' joint web portal Philly.com. Gerry Lenfest donated PMN to The Philadelphia Foundation, a nonprofit organization, in 2016. However, Resolve Philadelphia is its own nonprofit startup. While it receives funding from the Philadelphia Foundation and is a grantee of the Lenfest Institute, it is awaiting its own 501(c) (3) status and is emerging as another player in the city's thriving journalism scene.

Content from Resolve Philadelphia's two projects (Broke in Philly and The Reentry Project) reached audiences of its largest partners like The Philadelphia Inquirer, WHYY or NBC10 and also niche audiences like that of Generocity, WURD Radio and Philatinos Radio. The work itself is a collaboration with over 20 local news outlets. It has also received funding from the Solutions Journalism Network, has worked with the Fuller Project, and has applied for a ProPublica Local Reporting Network fellow.

Resolve Philly is also developing another initiative — the Narrative Framework — which is a set of tools and resources for newsrooms that want to use more accurate and authentic language in their representation of communities and identities, and engage in better practices around language generally. At this time, it has four full-time staffers, one part-time staffer, and one part-time intern.

### **BillyPenn**

BillyPenn was the original local site in the Spirited Media family that tried to transform for-profit local, digital, mobile friendly news. Launched in 2014, with a popular newsletter on local news and events in Philadelphia, Spirited Media focused on advertising and events to grow. While its sister company, The Incline in Pittsburgh, was sold to WhereBy.US, BillyPenn was purchased by WHYY, Philadelphia's Public Media in April and is now a nonprofit. Editor Danya Henninger shared by email that BillyPenn's goal

under WHYY is to be the go-to destination for information about all things Philly with a mission to encourage civic engagement and help create a more informed Philadelphia.

Revenue sources include direct donations from readers through membership, partnerships with businesses for sponsored events and a sponsored articles series, and display ads or newsletter listings with organizations aligned with its values. With a population of 6 million in the greater Philadelphia region, it hopes to grow its paid membership. Today, it counts 600 paying members (a number that Henninger is focused on growing), 12,500 residents who receive the free daily newsletter, and 250,000 unique monthly visitors to its site. They manage the Resolve Philadelphia solutions journalism collaborative, currently working on the Broke in Philly project, and they had one of the first Report for America fellows last June 2018 through Jan 2019. BilyPenn currently has three fulltime staff and uses freelancers about twice a month. Its focus is to do one larger investigative story every two months with a primary daily focus on miniature features rather than news briefs. They do not cover stories that other local news outlets in Philadelphia have done well. Henninger wrote, “We write the best and link to the rest.”

### **Flint Beat, Flint, MI**

Flint Beat is a hyperlocal digital news outlet covering all things Flint, Michigan. Veteran journalist Jiquanda Johnson says she launched Flint-Beat.com in 2017, after residents grew tired of seeing themselves only in news related to the ongoing Flint water crisis, crime, and sports. She set out to fill the news gaps in the underserved community. She also created a parent company, Brown Impact Media Group, with award-winning visual journalist Kofi Myler where the focus is on developing news products in underserved communities, starting with Flint. Flint Beat covers local news, politics, education, and community leaders. It published a [solutions journalism project in late 2018 on gun violence](#).

The Brown Impact Media Group also works to develop youth journalism in Flint. Its pilot program, News Movement, began in July 2018 with the support of Flint and Detroit-area businesses, foundations, and news leaders to focus on creating news literacy and civic engagement in underserved areas. Brown Impact Media Group also earns revenue as a consultant on news content and strategy for news agencies with a team of graphic designers, writers, photographers, and videographers for news websites and print publications. Similar to Richland Source in Richland, Ohio, it has created a hybrid between for-profit consulting and the mission of run-

It has created a hybrid between for-profit consulting and the mission of running a local newsroom.

ning a local newsroom. It is an interesting model that we see later in the for-profit section of this landscape paper: Whereby.U.s, a consolidator of local news sites, is also offering consulting work as a revenue stream but using foundation money to fund journalism projects for public good. It will be important for these hybrids to be steadfast in holding a very strong line between editorial and consulting clients. From a revenue model perspective, it is logical to consider that the digital local news outlets that are transforming the modern landscape will have the best expertise on how to navigate this digital and social media era.

## Emerging For-Profit Models in Local News

In the past decade we have seen a number of for-profit media transformations at a local level. They range from upstarts to a number of legacy local newspapers like The Boston Globe, the Minneapolis Star Tribune, the Los Angeles Times, the Charleston Post Courier, The New York Times, and The Washington Post, where wealthy owners have been able to fund growth and transformation into digital models. These legacy turnarounds are indeed the most promising examples of for-profit digital plays and each is finally reporting to be in the black.

Many Americans who believe in a free and independent press increased their media subscriptions and donations as President Trump repeatedly attacked the free press, calling it the enemy of the people. The New York Times and The Washington Post gained most from the “Trump Bump” and from their roles as national papers. **The New York Times now reports over 3.5 million digital subscribers**, aiming for 10 million by 2025. At the end of 2018, the Times reported a holding of 3.4 million digital subscribers, with 2.7 million paying for the news product and the rest subscribing to the lower-cost cooking and crossword apps. The Washington Post confirmed in an email that it last reported 1.5 million digital subscribers, and the LA Times emailed that they have reached 170,000 digital subscribers, almost double what it had when biotech billionaire Patrick Soon-Shiong took over with an ambitious plan to reach 5 million. In the same article, The Wall Street Journal reported a digital subscriber base at the end of 2018 of 1.71 million digital subscribers, more than double what it had at the end of 2015. The Boston Globe has also grown its digital base substantially with 120,000 subscribers. The internet’s promise of exponential growth by reaching neighboring cities, counties, and countries is moving the goal posts for many of these legacy papers that had the deep financial support to inno-



vate and weather print media's decimation while they transformed into digital leaders capable of reaching a base beyond the old physical barriers that hampered distribution.

While the aforementioned publications hint at some kind of promise for a future in local news, many are still predicting its demise. Warren Buffett, the Berkshire Hathaway billionaire CEO and owner of the print-media empire that includes the Buffalo News and Omaha World-Herald, and **not one for mincing words, declared most newspapers "toast."** He sees an industry that is headed for extinction. Berkshire struck a deal last year for **Lee Enterprises Inc.**, which owns papers including the St. Louis Post-Dispatch, to **manage** its newspapers and digital operations in 30 markets. In a recent interview with Yahoo Finance, Buffet points to the decline of advertising gradually turning the newspaper industry "from monopoly to franchise to competitive," noting that ad revenue was nearly a third of what it was a decade before, falling to \$18 billion from \$49 billion, according to Pew Research Center.

**A Medill study from Northwestern University** found that many local news organizations are shifting their strategy to focus on reader-based revenue models, especially digital subscriptions, as a path to financial sustainability. As advertising cedes its position as the most relevant path to revenue, the viral clicks are less alluring. Today online news outlets are focused on establishing sustained relevance and value with subscribers and local outlets have an advantage in that space. Subscribers want to be connected with where they live.

"Our data analysis shows that in this new era for local news, metrics like page views and time spent on articles – two commonly cited benchmarks – are not nearly as important as the number of readers who are frequent users. With that knowledge, the question then becomes: What are the tools and types of news and information that local outlets can generate to grow a daily reader habit?" **said Tim Franklin**, former president of the Poynter Institute and a former top editor at the Indianapolis Star, Orlando Sentinel and Baltimore Sun and the new head of the Medill Local News Initiative, a two-million dollar research project to help local journalism overcome the industry's current crisis. Medill partnered with three news organizations — the Chicago Tribune, Indianapolis Star and San Francisco Chronicle — that provided 13 terabytes of anonymous reader and subscriber data.

The big find? Skimming counts. Ed Malthouse, research director of Medill's Spiegel Research Center, was puzzled by what they found: "Subscrib-

“The exact meaning of local can vary between the markets, but what’s important is, you own that and others don’t. You do it better than anyone else.”

ers who read many stories per visit and read them thoroughly **were no more likely** to keep their subscriptions than those who skimmed. In some cases, high rates of story reading and time spent per story were associated with greater churn – people dropping their subscriptions. The reasons for this possible paradox are not clear, and more research is required.” Malthouse pointed to a **daily habit** as one of the most paramount predictors in the three markets they have been studying. He also noted in their very useful findings that, “Local content—differentiated content is the term that I used—is another really important factor that we see across the markets. The exact meaning of local can vary between the markets, but what’s important is, you own that and others don’t. You do it better than anyone else.”

Nevertheless, it is hard to imagine how local news outlets can scale up unless they consolidate with other towns and cities or have a deep-pocketed local owner with the ability to fund long-term growth. It is the legacy newspaper which has transformed to a digital model that will likely profit most as it takes on more cities and states in the surrounding area.

For those who believe a truly free press must have its own revenue model and be commercially independent, and for those looking to innovate in for-profit local journalism and who believe nonprofit news is a tax structure, not a revenue model, there are emerging questions and hypotheses to wrangle. I sat down with Rosabeth Moss Kanter, the Ernest L. Arbuckle Professor of Business at Harvard Business School, who asked that we think about the actual media form for local news. She asked: Does it need to be in the form of TV, newspaper, radio or other? Does location matter? If so, why? What is the value proposition? Does the form of ownership matter and how does ownership or affiliation with others affect independence? The Shorenstein Center is also working with HBS professor Joe Bower to conduct a research case study on the Minneapolis Star Tribune, which has made great strides in turning around its losses.

As noted in the paper’s earlier section, billionaire owners like John and Linda Henry at The Boston Globe, Patrick Soon-Shiong at the LA Times, and Jeff Bezos at The Washington Post have personally subsidized the transformation of these leading local newspapers into emerging digital success stories for dailies but there is still much more to do to return to an era of significant profitability. Without that personal mission to invest until they succeed, these dailies would have continued to struggle.

The most successful turnaround has been the publicly-traded New York

Times run by Arthur Ochs Sulzberger Jr. who has served as chairman since 1997, with Mexican billionaire Carlos Slim as the largest shareholder of New York Times Co (NYT.N) at 16.8 percent. Both The Boston Globe and The LA Times are expanding into neighboring cities and states given they can cover those regions without having to deliver a paper product. The Globe has already begun to cover Providence, R.I., and the LA Times owner has expressed in recent interviews that his goal is to cover parts of Mexico, southern California, and the American and Canadian Pacific Northwest. Even though Warren Buffet predicts smaller papers will likely die, we are seeing emerging local for-profit models across the country. While they have less revenue and reach than The Boston Globe or LA Times, who are leading the local news turnaround, these other digital transformations and experiments are worth exploring as we try to solve the local news problem.

### **Minneapolis Star Tribune**

The Minneapolis Star Tribune, a for-profit daily, delivers comprehensive coverage of the state of Minnesota, digitally and in print, on a 24/7 basis. The paper is owned by billionaire Glen Taylor, who is also the majority owner of the Timberwolves and Lynx basketball teams and a former Republican state senator. With 62,000 digital-only subscribers, 225,000 daily print and digital subscribers, and 360,000 Sunday print and digital subscribers (it also has 28,000 replica edition subscribers), the Star Tribune has been much lauded for its turnaround in the digital era as other newspapers have failed. It takes in \$200 million in revenue annually from circulation (50%), advertising (40%), and printing and distribution for third parties, e-commerce, and events (10%). It has 232 full-time equivalents currently in the newsroom, with some additional unfilled positions, as well as 350 active freelance contracts on file. “We have stayed profitable, but it gets tighter every year,” said Michael Klingensmith, the paper’s publisher and chief executive, in an [interview with the WSJ](#). The Star Tribune will need to surpass 150,000 digital subscribers to be sustainable in the longer term, he said, and his hope is to double digital subscriptions by 2025 or sooner.

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With a market size of close to 5 million, this seems possible. The Minneapolis and St. Paul metro area has 3.6 million people, the state of Minnesota has 5.6 million, and the paper is also looking to millions of out-of-state digital reader prospects. Klingensmith confirmed by email that the Star Tribune has seven daily email newsletters and more than half a dozen sports newsletters that are sent to subscribers more than daily, depending on the season. It also distributes at least eight weekly newsletters on a host of topics and a monthly subscriber newsletter. It also produces occasional newsletters about special projects or investigations and frequent breaking

news alerts.

“We place a high priority on accountability reporting, from daily watchdog stories to data-driven explainers to year-long in-depth investigative projects,” Klingensmith wrote in an email. “Enterprise and in-depth reporting on an array of topics and beats – from the environment and politics to local businesses and global companies based here – is key to engaging our community. Narrative reporting about the people, the place and the social fabric of our community is essential, particularly in the area of lifestyle, religion, arts, entertainment, outdoors and sports.” Noting the parallels with the Henrys, who own the Boston Red Sox, one could begin to argue that sports teams and a thriving local newspaper are a useful combination to weave the energy of a city towards local storytelling and hometown pride, providing investigative units are prioritized.

The Star Tribune has prioritized “solutions-driven” reporting in daily and project reporting and made an effort to put out stories that can serve as accessible “utility” reporting to help readers better navigate their lives. As we approach the next presidential election, dailies can take note of the Star Tribune’s “Be a Better Voter” feature from 2016. The newspaper helped readers follow the steps of registering to vote, explore the Election Guide on the candidates, and look at campaign financing data. An “Essential Twin Cities Guide” has offered entertainment and dining tips for visitors to the Super Bowl and the Final Four when those events were held in Minneapolis. It has also recently added a “Curious Minnesota” feature to allow readers to assign the newsroom stories they believe should be told and vote on vote on their favorite suggestions in an effort to increase audience engagement.

The Star Tribune does collaborate with companies and nonprofits. It accepted Facebook funding for a social media intern this summer through the University of Missouri and it is a “continuity” partner of the Knight-Lenfest Newsroom Initiative’s Table Stakes program. In the past, it has partnered with the Solutions Journalism Network on coverage of the Somali community in Minnesota.

### **The Information**

If The Texas Tribune is the poster child for nonprofit upstarts, The Information, a for-profit subscription based digital media product, is the “it kid” for the commercial crowd. While The Information feels local for residents of Silicon Valley given it is a one industry town, it is really a B2B product more akin to The Wall Street Journal or Wired magazine. With

Subscribers are Lessin's key focus and she ensures they have access to in-depth, data-driven analysis, calls with founders and VCs, roundtables, and special events.

subscription rates unaffordable to most and a focus exclusively on the tech industry and its leaders, The Information has defined its own market from the get-go and in the Valley it is considered the local news. Founded by Jessica Lessin, a former WSJ reporter who quit her job and launched the niche site for tech-based executives in 2013, within three years The Information turned a profit with a price tag of a \$400 for a yearlong subscription. Today The Information has tens of thousands of subscribers across 84 countries.

Lessin is independently wealthy, like Texas Tribune founder John Thornton (her husband is close friends with Mark Zuckerberg and a former software engineer at Facebook who sold his startup to the tech giant) and she was able to seed her company with what she once described in an interview as “less than tens of millions of dollars”.

She timed it right with a unique digital media value proposition specific to her region and micro climate of Silicon Valley given the scarcity of national media on the West Coast and legacy NYC positioning as the media engine that drives most of the national conversation and business news. These are facts that must be accounted for when we consider models like The Information, The Texas Tribune and The Washington Post as models to emulate. All three began with deep pocketed founders, in unique situations which may not be easily replicated or scaled by those hoping to start an online magazine or newspaper in their county, town, or city. This said, it is the leading example for how to build a for-profit online magazine that has no legacy brand, and there is a great deal to learn from Lessin's beautiful interface, consistent email newsletters, professional tone, branding, and succinct delivery of topical news. [The Columbia Journalism Review](#) reported in 2016, when The Information was only three years old, that 10 of the 11 most highly valued tech companies subscribed to The Information.

Subscribers are Lessin's key focus and she ensures they have access to in-depth, data-driven analysis, calls with founders and VCs, roundtables, and special events such as the subscriber-only Autonomous Vehicle Summit in San Francisco held in June. You have to afford to fly there or live there which feels either hyperlocal or uber-globalist. Subscribers are given a bio page to encourage community involvement. The Information's advisory board reads like the who's who of tech and new digital media, including venture capitalist John Doerr (worth \$7 billion), Axios and Politico co-founder Jim VandeHei, ProPublica executive Chairman Paul Steiger, and Quartz editor-in-chief Kevin J. Delaney. The Information is a great example of the new “glocal.”

The Philadelphia Inquirer reports moving away from time on Twitter. With “a subscription business model, a 2 percent return on 80% of effort just isn’t good enough.”

### Philadelphia Inquirer

The Philadelphia Inquirer counts 32,000 digital subscribers but it arrived late to the digital subscriber game. It expects to catch up to its peers. As a for-profit-public-benefit-corporation owned by a nonprofit organization, it is an early model many local newspapers are exploring. Today, it has put all of Philadelphia Media Network under one digital brand, Inquirer.com. With over 250 journalists in Philadelphia that focus on eight counties, it is a big believer in collaboration, wrote executive editor Stan Wischnowski. Wischnowski says partnerships expand coverage locally, regionally, and nationally. Examples include: a collaboration with The Boston Globe on the clergy sex-abuse scandal, which started with a phone call from editor to editor; a ProPublica investigative series on immigration; and regional collaborations with Spotlight PA, a Pennsylvania investigative team with Pittsburgh Post-Gazette, Lancaster Newspapers and Temple University. Spotlight PA has a dedicated independent editor and a 12-person reporting team to serve as a state watchdog. Locally The Inquirer collaborates with Resolve Philadelphia and Solutions Journalism.

Wischnowski and his team also revamped their social media strategy to focus more on engagement to grow The Inquirer’s digital base. [In a recent Poynter interview](#), The Philadelphia Inquirer reports moving away from time on Twitter. With “a subscription business model, a 2 percent return on 80% of effort just isn’t good enough.” Today, its Twitter accounts are automated for the 2-3 percent return but the seven-person audience team can now focus on growing its Instagram account, streamlining Facebook posts to fewer high-engagement posts, redeveloping its staff-written newsletter strategy, and launching a smart-speaker briefing. With The Inquirer’s shared interests with the [Lenfest Institute](#) and a mission “to develop and support sustainable business models for great local journalism,” we can likely expect to see a great deal more innovation for local news coming out of Philadelphia.

### Berkeleyside, CA

Berkeleyside is a local news outlet that is much celebrated for its award-winning independent news in Berkeley, CA and also a much-admired study by those seeking for-profit models in hyperlocal markets. As the only news outlet dedicated to covering Berkeley, California, it is now counting an average of 1 million page views and 300,000 unique visitors a month. It has 15,000 newsletter subscribers, 61,000 Twitter followers, and 22,000 Facebook followers. With Berkeley home to around 120,000 people, its market size is niche. It also covers the local food scene in Oakland and

the East Bay, which gives it a potential market reach of 500,000. Given the site currently has 300,000 unique visitors a month, that is pretty impressive market saturation.

Berkeleyside provides local news, be it breaking, regular, or investigative, and its coverage embraces crime, local government, education, the arts, business, community, and real estate. It also has obituaries and an opinion sections. Revenue paths include advertising, membership, and events. They produce daily and weekly email newsletters, including the popular Nosh Weekly, which delivers the top East Bay restaurant and food stories. It does not use a paid subscription model. Existing collaborators include KQED, Cal Matters, and ProPublica. Berkeleyside has seven full-time staff and over 30 freelancers.

### **Richland Source, Ohio**

The Richland Source was founded in 2013 by Carl Fernyak, on the belief that North Central Ohio was yearning for a forward-thinking, community-focused, digital newsroom dedicated to covering Richland County with daily stories by and for the people in the area, [as per its website](#). It is a hybrid focused on local news while also providing social media consulting, ad models, community events organizing, and small-batch apparel production for businesses, foundations, and nonprofits in the area. The staff proudly display their core values in their office in downtown Mansfield, Ohio and write on their website, “That means that our news mix is decidedly more holistic than traditional news sources and devotes about 90 percent of our headlines to the lives, businesses, schools, and activities of extraordinary residents.” [They take it a little further as a metaphor](#). “We aren’t all rainbows and unicorns, however. We absolutely report the challenges confronting our region, but we don’t live off of it or attempt to exploit them. Think of our news mix like you would a balanced diet and regular exercise. Spending all our resources reporting the worst parts of our region is like living off Cheetos and whiskey. It might work for a while, but it will eventually make you sick.” The Richland Source has covered stories about flooding, infant mortality, and race while also highlighting the positive impacts of residents and businesses alike.

It’s an interesting model (similar to Flint Beat owned by Brown Impact Media and to the WhereBy.Us sites we describe later in this paper) where creative services are part of the offering, so long as those steering the editorial decisions remain committed to speaking truth to power. As we noted earlier, news outlets must remain vigilant to avoid the blurring of lines just as when legacy newspapers were owned by the wealthiest in a town or

city. Society must demand transparency and editors willing to hold truth to power, even if it is to the one who funds them. That story is as old as time.

### **Santa Rosa Press Democrat**

Christine Hare writes a wonderful [newsletter on local news for the Poynter Institute](#). In a recent installment, titled “The Pulitzer-winning paper has local owners. They bought it from a chain,” Hare points out that while the locally owned Sonoma country paper, the Santa Rosa Press Democrat, won a Pulitzer for breaking news, large corporate media owners like Gannett, GateHouse, Digital First Media, and McClatchy get a lot more attention for shrinking newsrooms.

Nearly six years ago, a [group of local business people bought](#) the Sonoma County newspaper from Halifax Media. Again, we see influential residents, including two determined widows, saving the local newspaper. Jeannie Schulz, the spouse of the late Charles M. Schulz who built his Peanuts comic strip empire through newspapers, and Norma Person, whose late husband Evert Person sold the Press Democrat to The New York Times in 1985, were two of the six residents writing checks.

Using the ever-popular events model in a time when people crave connection, The Press Democrat brought in \$1 million in revenue last year from its event business. With 15 newsletters, a regional magazine that publishes six times a year, wine competitions, and a Spanish-language site, it has doubled digital-only subscriptions in the past year to 6,000. A digital-only subscription costs \$10.50 a month (the same pricing at the Bozeman Chronicle and in a similar size market), digital access plus the Sunday print edition is \$14.50 a month, and an unlimited print and digital subscription is \$24.50 a month (what major markets like The Boston Globe charge for digital-only access). The Press Democrat predicts to pay back all its investors by the end of this year. It’s a small win but a model for tiny communities that are determined to have a local newsroom in this digital era.

### **The Bozeman Daily Chronicle**

Founded in 1883, the Bozeman Chronicle began as a weekly in 1883. In 1996, the for-profit Chronicle began publishing each morning, and today a digital subscription is \$10.40 a month. Owned by Adams Publishing Group, revenue comes largely from print and digital advertising and circulation. It also holds events through its advertising department: a wedding show, salutes to 20 over 60, 20 under 40, and such. Today, its 12,000 subscribers receive 1-2 daily email notifications, and more frequent emails if there is breaking news. The Daily Chronicle’s primary focus for coverage is



“We also strive to give our reporters time and space – at least once a week – to tackle significant projects, in-depth stories that readers aren’t going to find anywhere other than the Bozeman Chronicle.”

on Bozeman and Gallatin County, which has a population of about 100,000. Its 12 full-time employees have worked with the Solutions Journalism Network on local projects and statewide collaborations with other newspapers. The news covers Bozeman local government, schools, law and order, and the environment. But, Nick Ehli, Managing Editor of the Bozeman Daily Chronicle says, “We also strive to give our reporters time and space – at least once a week – to tackle significant projects, in-depth stories that readers aren’t going to find anywhere other than the Bozeman Chronicle.”

### BoiseDev

BoiseDev is a founder-run microsite focused on the development and growth of fast-growing Boise, Idaho. In 2013, founder Don Day began tweeting on the subject of his city’s hyper-development growth and it led to a newsletter in 2015, then the launching of its digital home in 2016. Day says BoiseDev’s editorial focus is on unique and unduplicated coverage of local city politics, business changes, and general growth. Day writes both long form and short news alerts, and maintains an extensive Project Tracker tool for monitoring city development and building projects.

Since 2018, BoiseDev reports on its website that it is the most-read business news source in the state, according to SimilarWeb analytics. Its work has been cited by CNBC, People Magazine, Fox News, Vox Media’s Curbed, Idaho Press, KIVI-TV, KBOI-TV, KBOI-AM, KTVB-TV, Idaho Statesman, Spokesman-Review, Boise State Radio, Boise Weekly and more. Day uses an [active Facebook group](#) to find many of his stories and ideas from the community. His membership model, [BoiseDev FIRST](#), is priced at \$110 a year or \$10 a month, and his popular development and business roundup has secured him 260 paid users after only five months.

Revenue models include subscription, sponsorship, membership, and potential “add on” sponsored products in development. The Boise, Idaho metro area is home to more than 800,000 residents and is the largest city in the state. Paid members receive a daily email newsletter while non-members who have signed up to receive emails receive two to three per month. In a time of solutions journalism and collaborative efforts to mobilize local news, Day says he has had preliminary discussions with Membership Puzzle, a research project through NYU, and has considered Report for America but is not currently participating in either program. He hopes to add paid staff positions in the next year. The business is currently profitable with no outside investment.

### Colorado Sun

Only launching last September, the Colorado Sun is a journalist-owned, ad-free news outlet based in Denver. In an email interview, senior editor Dana Coffield wrote, “we strive to cover all of Colorado so that our state — our community — can better understand itself.” This for-profit has codified its mission to save journalism in Colorado and has incorporated as a Public Benefit Corporation. [A Public Benefit Corporation is still taxed the same as an S or C corp. Benefit corporation status only affects requirements of corporate purpose, accountability, and transparency; everything else regarding corporation laws and tax law remains the same.]

The Colorado Sun exclusively covers Colorado through explanatory or investigative reporting. It is attempting to recapture an audience lost to clickbait. “You’ll never see a spot news story about a murder or a robbery, for example,” writes senior editor Dana Coffield. “We do this by writing stories about subjects that are relevant to people who live in Colorado, or tailoring our writing and reporting to help people understand why the subjects we choose are relevant to them. We are appealing to readers’ sense of doing the right thing, asking them to become members in order to keep our content in front of a pay wall.” Its model is similar that of the Guardian, which has a long and successful record of asking readers to pay up if they value independent journalism.

The Colorado Sun publishes two super-premium newsletters and expects to add more. It is also actively recruiting sponsors and underwriters. It has accepted grant money and is currently attempting to find concessionary capital that will allow it to scale up more quickly.

To date, the Colorado Sun has about 22,000 subscribers to its free and paid newsletters and has earned three times more paying members than it expected to have after its first nine months. Its potential market is 5.7 million people. Its focus is the state of Colorado and state government. It does not cover city-level Denver politics, but occasionally write stories about things going on in Denver. Coffield believes that about a million people out of its potential market represent a “revenue opportunity” willing to pay for the newsroom’s work.

The Colorado Sun publishes a free newsletter three times a week while members receive a daily newsletter. It also has a daily push that arrives at five a.m. each day. With a staff of 11 full-time journalists (two editors, a tech editor and eight reporters) it also relies on three freelancers on part-time contracts and a big stable of freelance photographers, graphic reporters, and writers to better approach its goal of being a statewide publica-

tion.

The outlet is actively engaged in statewide and local collaboration and planning for a solutions journalism collaboration involving legacy TV, public TV and radio stations, and other word publications. “Like every other publication in the U.S., we applied for a ProPublica grant for investigative support,” Coffield wrote in our email correspondence.

When I asked Coffield if there are other emerging models that she admires in local news, she wrote, “The Longmont Observer (here in Colorado) which is attempting to get the local library to help with a taxing district for itself and we have a crush on Berkeleyside, for its willingness to ask its Bay Area readers to finance the operation with zero hope of getting paid back.”

### **Berkshire Eagle, Pittsfield, MA**

Hans Morris, a now-owner of the Berkshire Eagle, visited Santa Rosa to learn about the Press Democrat and how local residents bought the newspaper from the Halifax Media Group. It was an early inspiration for the Berkshire Eagle. More inspiration came when fellow owner Fred Rutberg, who had lived in Stockbridge, Massachusetts for 40 years, was at a talk by veteran journalist Joe Klein who said, “Democracy requires citizenship and citizenship requires a town square,” [Rutberg told The Boston Globe](#).

Morris returned home after seeing the Santa Rosa Democrat, and with Rutenberg inspired by Klein, in 2016 the two businessmen, along with other local investors, bought the Eagle and three Vermont newspapers from Digital First Media. Since then they’ve added 50 jobs, including replacing those that the chain had consolidated such as design, finance, and a call center. “In my view, you can’t cut your way to a successful business model,” [Morris told Poynter](#). “However, it’s not a panacea. You need to create a successful, thriving, economically profitable company, otherwise it won’t be there in 50 years, regardless of what the new owners think.”

Today it is a private, for-profit, and locally owned company with a lofty goal “to become the finest community newspaper in the United States,” executive editor Kevin Moran wrote in an email. Moran said that his goal is to cover the Berkshires, exclusively, and added, “there’s no place like it anywhere in the country.” Revenue comes from advertising, subscriptions, events, niche publications, and commercial printing. Daily circulation is holding at 14,179 and at 16,711 on Sunday, according to the latest figures from Alliance for Audited Media, while digital subscriptions increased to 3,976, as of March 2019, from 2,474 last June. Berkshire County’s population is 130,000. The Eagle pushes out daily newsletters and alerts as often

as breaking news warrants, plus specialty newsletters such as one covering food. In news, it now has 45 full-time staff and at least 20 active correspondents. Local news is its number one priority, with an emphasis on investigative reporting, local opinions, and covering the cultural mecca that is the Berkshires.

A digital-only subscription is 99 cents for the first 30 days and \$13.00 per month thereafter. Moran adds, “you can cancel anytime, but why would you want to?” Daily print delivery with digital access is \$26.00 a month, competitive with other dailies across the country. Sunday delivery with digital access is \$17.33 a month. Rutberg would not disclose to the Boston Globe whether the paper is profitable.

### **The Chattanooga Times Free Press**

The Chattanooga Times Free Press is a for-profit daily newspaper published in Chattanooga, Tennessee. Its goal is to be the most accurate, thorough and interesting source of news, sports and entertainment for Chattanooga and 12 surrounding counties in Tennessee, northwest Georgia and Alabama. Editor Alison Gerber wrote in an email, “We gather and report local news that improves the lives of our readers by connecting them deeply with their community.” Daily and Sunday home delivery subscribers combined number 30,800, but that does not include single-copy newspaper sales in a city with a population of 179,000 and a greater metro area of over half-a-million residents. Revenue sources include: print and digital advertising; services sold through a digital marketing agency; and print and digital subscriptions. We have an increased emphasis on digital-only subscriptions.”

The Times Free Press currently relies on 16 newsletters, four of which are daily and the remainder weekly, as well as breaking news emails which average one to four per week. For the past four years, they have collaborated twice with the Solutions Journalism Network and this year they will experiment by hosting a Report for America corps member starting June 1.

Gerber reported that prioritizing local news and investigation remains challenging with fewer resources, but they continue to push it as a focus. “We have made it a priority since no other local news source does this type of work. We have one full-time projects reporter, and we also allow beat reporters to step away from their beats for limited amounts of time to do investigative or in-depth reporting. In the past year, two beat reporters each spent four months (spread over an eight-month period) reporting a project on the cost of gun violence and a third beat reporter spent about a

The Chattanooga Times Free Press has two editorial pages: the liberal Times page and the conservative Free Press page. The separate pages honor the legacies of the two papers that merged 20 years ago to form the current newspaper.

month helping them.”

Free speech and opinion writing also remain a priority with the paper taking a unique approach to keep liberal and conservative viewpoints side by side. The Chattanooga Times Free Press has two editorial pages: the liberal Times page and the conservative Free Press page. The separate pages honor the legacies of the two papers that merged 20 years ago to form the current newspaper, and provide readers with viewpoints from different political perspectives. It has one editorial cartoonist on staff. He draws cartoons for the Times page because that page traditionally had a cartoonist. Today Gerber counts 61 full-time staff members, 2 part-time staff members, and 25 freelancers. “The FTE number includes 10 page designer positions since, unlike many newsrooms, we do not use an outside design studio.”

The Times Free Press’ sister paper, the Arkansas Democrat-Gazette, (both are owned by Walter E. Hussman, Jr.) is trying a new revenue model, [as recently reported in the Times Free Press](#): Give every paying subscriber a free iPad to convert to digital so long as they continue to pay their annual subscription of \$36/month. As Hussman ends the printed delivery of the Arkansas paper he is investing millions of dollars to convert the newspaper’s print subscribers to digital by the end of 2019.

### **The Ozarks Independent**

Jason Wert, editor and publisher of The Ozarks Independent, launched the locally-owned news site dedicated to providing in-depth coverage of the Ozarks area, in Springfield, Missouri in December 2018. The Ozarks are home to about half a million people along the Springfield/Branson corridor. The newsroom does not cover national or state news unless local elected officials from the area are involved. Wert’s one goal is to provide local residents with information about what’s going on in their community so they can be better informed and “show the good being done in the community and celebrate what makes the Ozarks such a wonderful place to live.” He explicitly states they have no political or social agenda.

A for-profit company with revenue based on online ad sales, the Ozarks Independent keeps overhead for operations low, allowing it to sustain itself as a for-profit business. Wert says it is the only locally owned full-time news outlet in Springfield, Missouri and given that other news outlets cover national and statewide news, it limits the amount of time or space they have for local news. “We jokingly refer to ourselves as the ‘AFLAC of News’ because we supplement the area’s coverage of national and state news with an avalanche of local stories.” The Ozarks Independent is a team of two: Wert and an independent contractor with some regular partnerships in the discussion stages. The news site accepts stories from local journalism

“We’re local, local, local...The only time we mention a national story is if our local reps are a key part of the story and if it has a direct impact on our region in some way. Same with statewide news.”

students at area universities and high schools for publication as Wert is committed to help student journalists learn and hone the craft. Wert began his journalism career working at his small Pennsylvania hometown’s radio station when he was 16, and understands the power of hands-on learning. “We’re local, local, local,” he says. “The only time we mention a national story is if our local reps are a key part of the story and if it has a direct impact on our region in some way. Same with statewide news. There is more than enough happening in the Ozarks that goes unreported for us to have dozens of stories some days, so we maintain that local-only focus.”

When pressed on other revenue models or collaborations in the works, Wert wrote, “One of our goals is to be able to provide our service to the community based only on advertising revenue, so that local news remains completely free. Pipe dream in 2019? Maybe...but we’re going to give it all we have to do it.”

**TheEditorial.com** (disclosure: the author is the founder of TheEditorial) In 2012, I set out to build a local digital magazine around emerging ideas and voices along the Harvard and MIT line, decoupling the feature profile on the cover of magazines and newspapers. Without the million-dollar seed funding to hire a team of reporters to cover the city, we had to earn a loyal audience one interview at a time. We published a new interview with an emerging voice around an emerging topic every second Thursday in a push email. We focused on beautifully designed, deep-dive interviews, putting these emerging visionaries and influencers on the record, verbatim. It was, in essence, a print version of an interview podcast. Once we realized this, we also added a podcast version.

TheEditorial had a 35 percent open rate or higher on most interviews. Our readers were loyal, stayed a long time, and showed up at our live events. Interviews varied in traffic based on the social media machine or corporate push behind the person we were interviewing, given we were bootstrapped and dependent on organic growth. Some interviews garnered 20,000 unique hits while others would only reach 3,000. Many of the interviews are ever-green and the dormant site still counts 2,000 unique readers a month.

Revenue came from the live events where tickets sales and local corporate sponsorship showed signs of growth. We used a Philadelphia startup called TicketLeap.com to handle our ticket sales and promotion and Wallit in Milwaukee, Wis. when we experimented with a pay-per-read solution given our product was a highly crafted singular interview. Our strategy was to drive revenue through sponsorship from top-shelf corporates who line the

street of Kendall Square, the biotech hub of the world, yet they were only interested in the live events that were time-consuming for a tiny team. The market also had a ceiling for live events in Cambridge, where Harvard and MIT hold countless lectures and events that are often free and open to the public. Our events would sell out, yet at \$25 to \$50 a pop and a venue that holds 300 people, the revenue was not enough to grow. We modeled that with an infusion of capital we could replicate our “emerging interview around local ideas with global or national appeal” paired with public ticketed events in five cities (growing cities like Charlotte, Austin, Cincinnati, Atlanta, and Phoenix) and then our model showed real revenue that would grow us into a six-figure for-profit. However, we were unable to find an angel investor or venture firm willing to risk investment in journalism. At the same time, the nonprofit model was gaining steam. I share this case study as there are many out there trying to do the same thing and the question is, “How do we harness storytelling, journalism and civic engagement?” I joined the Shorenstein Center with the hopes of trying to solve this with many others researching how to protect an independent press.

### **Cambridge Day**

Sharing the same subway line as TheEditorial.com, Cambridge Day, founded by veteran local news journalist Marc Levy, is focused on city hall versus exporting Cambridge’s world renowned brain trust to the larger world, as TheEditorial has done. Levy, under his business Cambridge Media Systems, posts two stories a week on Cambridge Day, a for-profit, web-only source for news and entertainment about Cambridge and surrounding communities. Over the past few years, Cambridge residents have come to count on Levy for some semblance of local political coverage absent in the local dailies and public stations that focus more on Boston and greater Massachusetts.

Levy reports 225,000 visits a year, averaging 22,000 readers a month. In an email interview he wrote, visitors are invited to participate by commenting on posts (so long as comments are handled responsibly and respectfully) as well as by submitting letters or essays for publication and, in some cases, contributing regularly as a reporter, reviewer, or provider of other content. Levy writes, “Cambridge is in large part politically progressive; embracing of science and reason; and welcoming – and protective – of the diversity of humanity, and Cambridge Day tends to reflect the mores of its community. Its reporting is fact-based, however, with a separate section set aside for the (also fact-based) expression of opinion, and all voices are welcome in its pages.”

## For-Profit: The Local Newsletter Model

### TheSkimm

The Skimm is a for-profit prototype in national news, and three major players below appear to be making headway in the local newsletter space following its model. TheSkimm began in 2012, when founders Danielle Weisberg and Carly Zakin left their jobs as producers at NBC to produce the subscription-only newsletter with a pyramid scheme for its evangelists. TheSkimm was the first big brand to own the newsletter space. The local newsletter is gaining speed outside of daily newspapers. Again, with scale the numbers and reach of a specific demographic (millennials, moms, etc.) seems to appeal to venture capitalists. In June 2016, theSkimm raised \$8 million in Series B funding to move into video with the launch of Skimm Studios. The round was led by 21st Century Fox and included as early backers RRE Ventures, Homebrew, and Greycroft Partners. In early 2018, theSkimm raised another \$12 million in an effort led by Google Ventures, along with Spanx founder Sara Blakely. In October 2018, theSkimm announced that it had over 7 million subscribers. The newsletter also has political power. In the 2016 presidential election, theSkimm interviewed 12 of the major candidates running in the primaries and reported that it registered 110,000 people to vote.

### Charlotte Agenda

Charlotte Agenda was one of the earliest innovators in the local newsletter space. It arrived on the scene early in 2015 as a successful local newsletter and a model to many. Founders Katie Levans and Ted Williams made it their goal to make Charlotte smarter and better connected. It is owner-operated and the founding team seeded the company with \$50,000, building relationships with readers and advertisers that led to increased results each quarter. With its success in becoming profitable, they expanded to Raleigh, only to shutter the second location a few months later and then be forced to lay off staff in 2016. Experimenting is part of the startup culture. By the end of 2017 Charlotte Agenda was reporting \$1 million in revenue.

Today, it is fully immersed in all things Charlotte with a focused list of products for young millennial locals who care about supporting local brands and local news. [As listed on its website:](#)

- The Agenda Daily Newsletter (41,000 subscribers, 40%+ open rate)
- CharlotteAgenda.com (450k unique views a month, 1.5 million page views a month)
- Agenda Instagram (136,000 followers)
- Annual City Guide (100,000 blended circulation)



## WhereBy.Us

WhereBy.Us is an emerging player in the for-profit local news space that deserves attention because a number of its local news affiliates already have substantial momentum. Focused on producing newsletters for five American cities, WhereBy.Us sends each city's newsletter five days a week with a 30 percent open rate, according to an email interview with Chris Adamo, chief business officer. The five local newsletters include: The New Tropic in Miami, **The Evergrey** in Seattle, The Incline in Pittsburgh, **Pulptown** in Orlando and **Bridgeliner** in Portland. Each of these five local for-profits shares resources and templates across the WhereBy.Us brand. Each city's specific publication has on average a team of four to five local team members, with a lot of shared centralized staff across tech, marketing, sales, creative, and events. This is a unique model in the local news landscape. It is also one of the first for-profits accepting foundation grants that we have seen.

Each city's specific publication has on average a team of four to five local team members, with a lot of shared centralized staff across tech, marketing, sales, creative, and events.

Adamo further explained its revenue model by email, "We are a for profit, as are all five of our publications, and they all follow the same channels for sustainable revenue, plus revenue channels like event creation/ ticket sales, sponsored/ supported journalism products, product sales and creative consulting." He also defined the use of foundation support: "We do work with many foundations on grant programs as well as partner with nonprofits on projects, as we are allowed to take grants as a for profit when the work is civic focused." He went on to explain that when a project is civic-focused, the grant money is earmarked to cover only the costs of the project's content and events (salaries, production, marketing, tools etc.)

Newsletter subscriptions to date, according to Adamo, are growing:

- **The New Tropic** (Miami) 39,000 subscriptions
- **The Evergrey** (Seattle) 12,000 subscriptions
- **The Incline** (Pittsburgh) 13,000 subscriptions
- **Bridgeliner** (Portland, OR) 8,000 subscriptions
- **Pulptown** (Orlando) 7,000 subscriptions

This revenue model of creative services adjacent to the newsroom looks very similar to those of the Richland Source and the Flint Beat. The emerging hybrid is certainly interesting to many in the industry, especially when we consider for-profits accepting foundation support for civic news.

While he would not share revenue numbers, Adamo did reveal that his company crossed \$1 million last year in gross revenue. WhereBy.Us is in the midst of a funding round to expand the platform to new cities. Its

fundors include [Jason Calacanis](#), [The Knight Foundation](#), [McClatchy](#) (parent of the Miami Herald/Seattle Times), [Krillion Ventures](#) (Jeff Miller and Melissa Krinzman), Quixotic Ventures ([Mark Kingdon](#)), Seed Invest, the [Miami Angels](#), [Louis Wolfson](#), and many other mission-aligned angel investors.

Past partners who have publicly funded civic storytelling projects in their five cities include such top-shelf names as Miami Dade College, Lyft, Bank of America, Frost Museum, Vulcan, Pinnacle Housing, Gates Foundation, FDOT, the city of Orlando, the Miami Dolphins, Glossier, WeWork, Lime Bikes, Biketown, the Ford driverless cars division, Portland State University, and the University of Oregon.

#### **The New Tropic, Miami (WhereBy.Us)**

The New Tropic is a local for-profit news site that was able to accept foundation grants and donations, as well as partner with nonprofits on civic-focused projects. The New Tropic Miami was the original tenant inside the WhereBy.Us infrastructure. In fact, The New Tropic founder Chris Sopher is also the founder of WhereBy.Us. Sopher was originally housed inside the Knight Foundation in Miami and both projects are funded by the foundation, which is known for its experimental hand in the current journalism landscape. This membership based startup plays heavily on its newsletter and membership perks. For \$10 a month or \$120 a year, members are rewarded for their patronage with discounted tickets to The New Tropic live events, tasting menus at local restaurants, special giveaway contests to win symphony tickets, and a welcome kit. Today The New Tropic has 39,000 subscribers to its daily newsletter.

#### **The Incline, Pittsburgh (WhereBy.Us)**

WhereBy.Us has also acquired The Incline, an award-winning media site in Pittsburgh, from Spirited Media. The Incline is well known for its morning email that tells Pittsburgh residents all they need to know about their city's news and culture. In the merger announcement, the editors said they were excited about the new ownership given they would have better mobile interface, a redesign, and an opportunity for events. Today The Incline has 13,000 subscribers to its daily newsletter.

In an email to subscribers, The Incline editorial staff wrote, "The Incline will still be Incline-y. We've still got our sass and Pittsburghese. We'll keep monitoring the city, highlighting bright spots and challenges. We'll continue to answer your questions in our Peculiar Pittsburgh series and we're doubling down on serving as a guidebook to your town — think neighborhood guides, profiles of community leaders, and even more awesome events."

## 6AM

Another hipster local news brand that is making some headway across the Southeast is 6AM. Spanning from Lakeland, Florida to Asheville, North Carolina, 6AM is a network of six sites structured around daily newsletters and Instagram Stories. The Nieman Lab reported on the spin-off from legacy print company, Community Journals Publishing Group, chronicling how this small chain of business journals and magazines based in Greenville, South Carolina was seizing the millennial audience. Christine Schmidt entertainingly headlined her Nieman story “Can this network of lit-to-be-local newsletters unlock younger civic engagement?” Ryan Johnston, 6AM’s managing director and former executive vice president of Community Journals, called 6AM “a local, social and vocal brand” and reported being profitable through ads and local business partnerships. He also told Schmidt that 6AM would not be experimenting with paid membership. Schmidt reported that in late 2018, 6AM had over 150,000 email subscribers across the six sites and a 25 percent open rate, which is a hair more than those of WhereBy.U.s affiliates at this time.

## Mobilizers: National Initiatives to Bolster Local Newsrooms

The leader in research on news deserts has been Penny Abernathy, the Knight chair in journalism and digital media economics professor at UNC School of Media and Journalism. [Abernathy’s 2018 study of the closure of local newspapers](#) showed how non-media corporations that acquire struggling locals have turned them into ghost papers, which provide little original hard news about the communities they purport to serve. There are, as we noted above, emerging local digital-first startups, but with limited revenue models. However, cable TV and talk radio dominate the landscape for communities outside the major metropolises. Abernathy does note in her study that the average circulation of the country’s surviving 5,829 weeklies is 8,000, roughly the same as it was in 2004. These dailies still have reach, albeit the quality is not there.

Nieman Labs reported on the 2018 study noting that close to “1,300 U.S. communities have completely lost news coverage and the 7,100 surviving newspapers have faded into ‘ghost papers’ and act essentially as advertising supplements. Half of the 3,143 counties in the U.S. now only have one remaining newspaper — and it’s usually a small weekly.”

A new strategy has emerged in the absence of a robust revenue model for

local news. There are four mobilizers of note that have risen to the forefront over the past year and are well funded at this time:

1. ProPublica Local Reporting Network
2. The American Journalism Project
3. The Facebook Journalism Project
4. Report For America

### **ProPublica Local Reporting Network**

Two of the finalists in for this year's Goldsmith Awards for Investigative Journalism at the Shorenstein Center were local newspapers. One finalist from the Alabama Media Group had broken a story on the local sheriff who was using an archaic Alabama law regarding prison food management to pay for his local beach house and line his own pockets. The other, from the South Bend Tribune, revealed deep flaws and abuses of power in the criminal justice system in Elkhart, Indiana. Both showcased how local reporters have the ability to force critical changes in communities. One reason why? The South Bend Tribune had added support from the ProPublica Local Reporting Network. In Elkhart, Indiana, local reporter Christian Sheckler for the South Bend Tribune had been working with a veteran investigative reporter named Ken Armstrong as part of the ProPublica Local Reporting Network. Sheets has now gone on to be a Pro Publica Local Reporting Network fellow, as well. In 2018, ProPublica launched the network to support local reporters who "work in and report to their home newsrooms while receiving extensive support and guidance from ProPublica," [according to its site](#). Once a story breaks, both the local newsroom and ProPublica publish in an effort to support investigative journalism in communities where newsrooms are without the time and know-how to dig deep into investigative work.

Once selected as part of the ProPublica Local Reporting Network, the full-time reporters receive a salary plus an allowance for benefits. ProPublica reported that this year, fourteen local newsrooms are participating and seven projects are specifically focused on state government. Local reporters working from their home outlets receive extensive support, collaborate with a ProPublica senior editor, and have access to the nonprofit newsroom's expertise in data, research, engagement, video, and design. [ProPublica's](#) local journalism strategy includes not only the Local Reporting Network but also ProPublica Illinois, a fully staffed office of reporters and editors covering important issues in that state.

ProPublica, headquartered in New York City and founded in 2007-2008, is

Local reporters working from their home outlets receive extensive support, collaborate with a ProPublica senior editor, and have access to the nonprofit newsroom's expertise in data, research, engagement, video, and design.

an independent, nonprofit newsroom that produces investigative journalism with moral force. With over 75 investigative journalists, it has proven in the past decade to break deeply researched stories into important issues, “[shining a light](#) on abuses of power and betrayals of public trust — and we stick with those issues as long as it takes to hold power to account.” Funders behind ProPublica include top shelf foundations such as the Abrams Foundation, Barr Foundation, Carnegie Corporation of New York, craigslist Foundation, Democracy Fund, Dyson Foundation, Emerson Collective, Ford Foundation, Open Society Foundation, Hewlett Foundation, Knight Foundation, MacArthur Foundation, and Robert Wood Johnson Foundation.

### **The American Journalism Project**

“The mission of the American Journalism Project is grounded in our understanding of the severity, urgency, and scope of the crisis at hand. At the center of this storm is the economic crisis faced by newspapers, which have lost roughly half their revenue since the Great Recession. There is no American industry of such combined size and civic importance that has endured such an economically devastating decade.” So opens the newly minted homepage of the [American Journalism Project](#), a venture journalism fund conceived last year by John Thornton, the founder of The Texas Tribune, and Elizabeth Green, the co-founder of Chalkbeat. As mentioned earlier in the paper, the American Journalism Project has secured \$42 million in commitments from some of the leading funders of journalism, much like ProPublica. These include the Knight Foundation, Emerson Collective, Arnold Ventures, Craig Newmark Philanthropies, and industry giant Facebook through its Journalism Project. These funders are supporting this new nonprofit venture in finding solutions to reinvigorate local news that are scalable, and building an ecosystem of social enterprises for news. The premise is built upon the belief that local journalism is a public good and therefore a nonprofit enterprise that should be focused on civic news.

This summer, 25 fortunate and deserving nonprofit newsrooms will benefit from the funding collective. Poynter reports that this group of “civic news organizations” will include a few startups but most recipients will have already launched in their local communities as nascent yet sustainable ventures. “The objective is to create much more high-impact ‘mission-driven’ reporting on state and local governance, the grants will be for ‘revenue raising and tech capacity,’” Thornton told [Poynter’s Rick Edmonds](#).

The hope is that philanthropic capital will bolster a movement of civic newsrooms. The Knight Foundation has long donated to news startups in

...finding solutions to reinvigorate local news that are scalable, and building an ecosystem of social enterprises for news.

cities and towns around the country that have set themselves up as 501(3)(c) nonprofits. The American Journalism Project will give this scale. The Knight Foundation is the lead funder behind the effort, committing almost half of the funds, **announcing a \$20 million, five-year commitment**. The target is to fund 35 newsrooms over the five years.

The Institute for Nonprofit News and News Revenue Hub, also Knight Foundation-funded efforts, are providing additional strategic and operational guidance to the American Journalism Project, along with Emerson Collective and Facebook. **In a press release**, Anne Kornblut, Director of New Initiatives, News Partnerships at Facebook, said she was proud to support this new approach of AJP for local news. She added, “Local news is so critical to building strong communities, and to a thriving democracy. We look forward to partnering with [AJP] on this effort to bring more local news and information to places that really need them.”

### **The Facebook Journalism Project Community**

In January 2017, Facebook launched The Facebook Journalism Project to drive ties between Facebook and the news industry. **The platform writes**, “FJP is dedicated to ensuring high quality journalism thrives by delivering value through new products, partnerships with the news industry and programs. FJP works in three ways: collaborative development of new products; providing tools and trainings for journalists; and providing tools and trainings for people.” Facebook has remained adamant that it is not a news or media organization given it doesn’t create news content. It is a connector of people.

A year ago, Facebook announced that it would push news from local news deserts higher in its algorithm with a local-news aggregator called Today In, currently available in 400 U.S. cities through Facebook’s mobile app. The platform set out with the goal to create a special section for local news and events to gain reader attention, only to discover, as **later announced in late March 2019**, that it couldn’t find enough local news outlets to feature.

**As reported in Vox**, “About one in three users in the U.S. live in places where we cannot find enough local news on Facebook to launch Today In, Facebook wrote in a blog post Monday in which it’s **promoting a new journalism initiative**. Specifically, that means Facebook hasn’t been able to find five or more recent news articles directly related to these towns in any of the past 28 days. That qualifies those areas as a ‘news desert,’ according to Facebook.”

Facebook then announced that it would pledge \$300 million to help local journalism in America over the next three years, and some of that will go to the simultaneous launch of the Facebook Journalism Project Community, a path for local media organizations to apply for grants and support for new projects. In an effort to showcase the challenges that those of us in the industry know far too well, Facebook compiled a map based on algorithms that identified links to news sites posted on the platform, mapped where they were shared geographically, and filtered out news organization posts that did not have a local angle. The result was that much of the country is in a local news desert.

Facebook noted that 35 percent of Midwestern, Northeastern, and Southern Facebook users couldn't have seen more than five local news stories on Facebook about their town on any single day over the past four weeks. Towns out West fared better with only 26 percent living in a news desert. [The Vox story broke it down](#), "New Jersey was labeled as the worst state for local news on Facebook, with 58 percent of users unable to do so on any day in the last month. Arizona had the most local news, with just 13 percent of users living in areas without adequate local coverage. Ohio was consistent with the national average of 31 percent."



*Color code: Dark green is where Facebook found at least five local stories a day over the course of a month, posted on Facebook by users or publishers. The lightest-green counties had no days with that much local news. Map was from the [Vox story published March, 18, 2019](#).*

### **Report For America**

Teach for America was founded in 1989 by Wendy Kopp, who won the Presidential Citizens Medal for her work mobilizing as many as possible of our nation's most promising future leaders to strengthen the movement for educational equity and excellence by teaching in American public schools for two years after college. Borrowing from the incredibly successful and nationally-recognized model of Teach of America, Report for America aims to do the same for local journalism.

Now in its second year, Report for America is placing 61 journalists in 50 newsrooms spanning 30 states and Puerto Rico. Over a thousand college students applied for the 61 spots and those selected will join newsrooms inside Pulitzer- and Goldsmith-winning newspapers, public radio stations, digital-first nonprofits, the AP, weeklies, and local TV stations, all in an effort to bolster local news. Reporters are paid between \$28,000 and \$45,000 for the one year stint. Report for America explains that it costs the organization roughly \$20,000 to place a reporter and another \$20,000 is pulled from contributions by the news outlets and local donors.

**As noted on its website**, the annual program is one of three ways Report for America is mobilizing young new journalists in the field. It has two other program ideas still pending support that it describes online as more driven by the philanthropists and foundations: A Regional or Local Corps to put 20 reporters into a particular state and hold a competition among the news organization in the state for subsidized reporters; and an Issue Based Corps to field local reporters to cover health care, education, veterans affairs, the environment, religion, and criminal justice.

Report for America co-founders Charles Sennott and Steven Waldman are veteran journalists and social entrepreneurs. Waldman inked the landmark Federal Communications Commission report "Information Needs of Communities," which NPR described as "one of the most comprehensive overviews of the US media ever produced," while Sennott co-founded the Ground Truth Project at WGBH, a Boston-based public radio station.

Many of the same round of funders for journalism have stepped up to ensure the project is successful. The Knight Foundation, Facebook Journalism Project, Google News Initiative, Galloway Family Foundation, Natasha and Dirk Ziff, David and Lucile Packard Foundation, The Tow Foundation, Ford Foundation, Craig Newmark Philanthropies, Heising-Simons Foundation, Select Equity Group Foundation, and Ethics and Excellence in Journalism.



Now in its second year, Report for America is placing 61 journalists in 50 newsrooms spanning 30 states and Puerto Rico.

Listed on its website along with the handy map reproduced below, RFA announced that placement for this year's 2019 Report For America corps includes the following newsrooms: the Chico Enterprise-Record, the Modesto Bee, the San Jose Mercury, CALmatters, Sun-Gazette, Fresno Bee, the Desert Sun, the Sacramento Bee, AP-CT, Connecticut Mirror, El Nuevo Herald, Honolulu Civil Beat, Idaho Times-News, Boise State Public Radio, Chicago Sun-Times, Block Club Chicago, Lexington Herald-Leader, the Advocate in Louisiana, Maine Center for Investigative Reporting, WCAI in MA, Detroit Free Press, the Mississippi Public Broadcasting, Mississippi Today, St Louis Public Radio, Yellowstone Public Radio, Chalkbeat in NJ, Santa Fe Reporter, Albuquerque Journal, Spectrum News Buffalo, THE CITY in NYC, AP NY, North Carolina News & Observer, the Charlotte Observer, Q City Metro, the Forum of Fargo-Moorhead, the Cincinnati Enquirer, the Malheur Enterprise in Oregon, the Centro de Periodismo in Puerto Rico and WPLN Tennessee, the Chattanooga Times Free Press, The Victoria Advocate in Texas, the Texas News Hub, the Dallas Morning News, The Salt Lake Tribune, NPR Utah, the Spokesman Review, the Charleston Gazette-Mail in West VA, the West Virginia Public Broadcasting, Wisconsin Center for Investigative Reporting, Casper Star-Tribune, the Buffalo Bulletin, and Wyoming Public Media.



*Report for America's data visualization of placements for this year's class of reporters.*

## Accelerators

Along with Mobilizers, a number of successful players in the media space are trying to support local news startups with accelerators. The effort is coming mainly out of Silicon Valley.

The Columbia Journalism Review's [Matt Ingram](#) wrote an important piece this May, chronicling the massive investment that Facebook and Google have made into journalism over the past three years. With more than half a billion dollars announced between the two platforms, together they have become journalism's biggest funder, even though this amount is small compared to their profits. [As reported by Forbes](#), last year alone the 14-year old Facebook had revenue of \$55.8 billion and a net income of \$22.1 billion while the 20-year-old Google had revenue of \$136.8 billion and a net income of \$30.7 billion.

Ingram tallies up the give back. Facebook's \$14 million News Integrity Initiative to support the development of storytelling tools that promote news literacy, coupled with Google's \$300 million investment into Google News Initiative (GNI) "to build a strong journalism," as the company describes, with the additional \$170 million Google set up in Europe in 2015 as an innovation fund to rebuild the European media landscape, are a start. "Taken together, Facebook and Google have now committed more than half a billion dollars to various journalistic programs and media partnerships over the past three years, not including the money spent internally on developing media-focused products like Facebook's Instant Articles and Google's competing AMP mobile project. The result: these mega-platforms are now two of the largest funders of journalism in the world. The irony is hard to miss," [writes Ingram](#). However, many in the industry agree that there must be collaboration to fix this. Whether it be self-regulation by the platforms or government intervention, the moment is now to solve this local news crisis.

We outline four accelerators below:

### **The Information Accelerator**

The Information is committed to building the next generation of news publications and its accelerator is an initiative to fund, foster, and support this mission by offering selected participants expertise to scale, distribution help to find their first subscribers, and \$25,000 in capital. The Information launched its first Accelerator in 2017. It holds a high standard that you must produce the highest caliber of news that can't be found anywhere else, and accelerates participants from across the globe. It announces the new class each fall at the San Francisco Subscriber Summit with a kickoff

boot camp in January in San Francisco.

Given its access to investors, mentors, and media and finance experts in Silicon Valley, this is a very coveted accelerator, and the participants have been impressive. **The Information lists them as:** David Skok, founder of The Logic, creating a similar product to The Information but in Toronto, Canada. Sherrell Dorsey, founder of ThePLUG, “the first technology newsletter dedicated to highlighting the newsletter covering the entertainment industry, offering daily scoops, commentary, and insight into the American-but-global entertainment scene. This is exactly how The Information built its stellar brand. and its focus on for-profit news is celebrated by those who believe a free press is most independent with its own revenue model. significant voices of black founders and business leaders in the field.” Last year, Ashley Catherine Woods, founder of Detour, was a participant with a new local information startup in Detroit based on a free daily email for residents based on membership covering quality community news, events and engagement much like the ones we chronicled in the newsletter models earlier in the paper under for-profits. Richard Rushfield founded The Ankler, a newsletter covering the entertainment industry, offering daily scoops, commentary, and insight into the American-but-global entertainment scene. This is exactly how The Information built its stellar brand. and its focus on for-profit news is celebrated by those who believe a free press is most independent with its own revenue model.

#### **Facebook Accelerators in the U.S. (collaboration with the Lenfest Institute)**

**Facebook’s Digital Subscriptions Accelerator** was a \$3.5 million three-month pilot program in 2018, with a grantmaking program organized by The Lenfest Institute for Journalism, and regular reports authored by The Lenfest Institute and **The Facebook Journalism Project**. Facebook extended the program through the year to help accelerate digital subscriptions for a number of local newsrooms including The Atlanta Journal-Constitution, The Boston Globe, The Chicago Tribune, The Dallas Morning News, The Denver Post, The Miami Herald, The Minneapolis Star Tribune, The Omaha World-Herald, The Philadelphia Inquirer, The Seattle Times, The San Francisco Chronicle, The Tennessean, and Newsday. It also announced that it would reconvene the group in 2019.

Facebook then announced a \$3.5 million, three-month, **Facebook Membership Accelerator** to help nonprofit news organizations with membership models. The Facebook accelerator website details different three-month accelerators around the globe. How much of a dent can Facebook make in the current local news crisis with small group accelerators across the world

with a three-month and \$3.5 million investment and effort? Is it a token effort or a scalable solution to rebuild digital local news?

### Google News Initiative

As I wrote in my last landscape study on [The Fight Against Disinformation in the U.S.](#), Google is one part funder and one part vendor to these same local newsrooms. As a vendor to digital newsrooms, Google's financial incentives align with the creation of a thriving digital journalism ecosystem.

After four years of funding European news projects (much to the envy of those of stateside who were trying to build local digital plays), Google announced in late May that it will be using \$300 million in funding under the Google News Initiative (GNI) for local news innovation. With an open submission deadline of July 15, 2019, the grants are open to local news outlets and startups focused on revenue generation. There must be a monetization component, and it must be digital newsroom. If chosen, recipients will receive up to \$300,000 in funding per project, or 70 percent of operations. This is a significant amount for a local news upstart, many of whom are seeking funding as for-profits and nonprofits outlined in this paper. Google announced they will roll out similar news challenges in the Middle East, Latin America and Africa.

Neither Facebook or Google is willing to assume the mantle as news organizations, even with content moderators at Facebook and YouTube, and while competing for attention with the entire ecosystem of news. It is a fine line to walk. Google has indeed come up with some very useful tools for journalists, from its landmark search to reverse image search. Google's News Consumer Insights and Realtime Content Insights have been designed for small or large newsrooms to track engagement and see what content is attracting three categories of readers: casual, loyal or brand lovers. Both of these tools are free and aimed at helping convert readers to subscriptions and almost as sophisticated at premium products like Chartbeat used by leading major commercial newsrooms. They also [recently announced](#) financial support for a new content management system (CMS) product built by Wordpress with support from the Knight Foundation, the Lenfest Institute, and GNI, as reported by the Nieman Lab.

Both Google and Facebook are testing products that will support the digital subscription model. Google offers Subscribe with Google, while Facebook experiments with using meters for Instant Articles and a subscribe button that publishers can use to direct people to their sites. Google makes it clear with this new call for funding that it wants to help journalists build

technical infrastructure. It is a compromise for newsrooms: take the funding from Google and use any other revenue from subscriptions or foundations to pay for reporters, fact-checkers, and editors, while Google covers the rest.

### **The Membership Puzzle Project**

In early 2019 the Membership Puzzle Project at NYU launched the Membership in News Fund, supported by Luminate and the Democracy Fund (both Pierre Omidyar-owned foundations). This is a global initiative to fund promising membership experiments in local journalism and surface best practices from across the globe.

## Summary

It is often historians who are best able to help us grasp the future. To return to Jill Lepore's overview of the American newspaper industry: we have seen this decimation of news before, when radio emerged and the Great Depression hit with the number of dailies falling from 2,042 in 1920, to 1,745 in 1944. Yet, nothing has prepared us for the current decline of local newsrooms. **Lepore reminds** us of why they are important. "The daily newspaper is the taproot of modern journalism. Dailies mainly date to the eighteen-thirties, the decade in which the word 'journalism' was coined, meaning daily reporting, the 'jour' in journalism." The newspaper has long been part of our cultural identity.

In summary, transforming local news into nonprofits is seen as a promise by foundations and philanthropists. With enough funding, their hope is to bolster the digital transformation in local newsrooms across America, increase digital readership and instill in locals a responsibility to protect and fund their local news. These foundations and nonprofit believers are making headway with success stories such as the Texas Tribune, CALmatters, and VTDigger and Democracy Fund's NewsMatch campaign that helps donors find and fund local news outlets. Analysis of the Salt Lake City Tribune and CITY New York will offer more insights into the appetite for nonprofit newsrooms. The concern is whether there is a floor for philanthropy. Will donor fatigue set in? Mobilizers like Report for America, ProPublica, and the American Journalism Project should also offer substantial momentum. This is an important space to watch.

Wealthy owners of for profit titles appear to be trimming the legacy weight and creating more nimble and digital newsrooms and expanding their geographical reach, as we see with The Boston Globe moving into Rhode Island and WhereBy.US rolling up local newsletters for millennials under one umbrella. They are also interested in these mobilizing forces, and it will be interesting if billionaire-owned titles and for-profit upstarts are able to capitalize on the mobilizers mentioned above and the accelerator funding and training being offered by Google and Facebook. With regulations undoubtedly on their way for the big platforms, the landscape will be fascinating to watch this year.

This study is intended to offer a map to those who like to solve big problems. For America is an entrepreneurial country that has been fueled on reinvention and free markets. Free markets fill the pockets of the philanthropists and they also allow for innovation in the commercial world of news. The irony is not lost that free markets are possible because of democracy – a democracy protected and fostered by a free press.

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