

RECOMMENDATIONS

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

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

Philanthropy

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

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

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

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

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

News Outlets

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

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



as subscription, membership, sponsorship, and development teams.

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

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

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

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

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

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

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

Technology Companies

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

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

Federal Government

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

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

Federal and state lawmakers should:

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

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

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

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

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

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

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

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

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



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

Civil Society and Academic Institutions

Civil society organizations and academic institutions should:

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

News Consumers

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

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

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