



## LOCAL NEWS IS A PUBLIC GOOD

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

*“Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.”*

*First Amendment, U.S. Constitution*

### INTRODUCTION

A free and independent press was so fundamental to the founding vision of democratic engagement and government accountability in the United States that it is called out in the First Amendment to the Constitution alongside individual freedoms of speech, religion, and assembly. Yet today, local newsrooms and their ability to fulfill that lofty responsibility have never been more imperiled. At the very moment when most Americans feel overwhelmed and polarized by a barrage of national news, sensationalism, and social media, Colorado’s local news outlets – which are still overwhelmingly trusted and respected by local residents – are losing the battle for the public’s attention, time, and discretionary dollars.<sup>1</sup>

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

<sup>1</sup> 81% of Denver-area adults say the local news media do very well to fairly well at keeping them informed of the important news stories of the day, 74% say local media report the news accurately, and 65% say local media cover stories thoroughly and provide news they use daily. Yet only 15% of adults in the Denver area have paid for local news in the past year. Pew Research Center, 2019, <https://www.journalism.org/interactives/local-news-habits/19740/>.



## About this Paper

The Colorado Media Project began this exploration with these guiding questions for investigation: Should state and local governments play a role in stabilizing and sustaining the future of local news, information, and independent journalism? What public policy levers and funding pathways are available and viable in Colorado? What would the public support? Working group members met over four months in summer 2019 to review current research on the business of local news, public funding models from other states and nations, and examples of Colorado state and local initiatives across sectors that had applicability. Drafts of this study were vetted before publication by a wide range of interested parties, locally and nationally. In the interest of transparency and advancing the work, ideas that were vetted but not included in this report are publicly available online as part of this package at <https://coloradomediaproject.com/public-good>. We continue to welcome feedback from Colorado residents and beyond as we seek to improve these ideas.

### COLORADO MEDIA PROJECT PUBLIC POLICY WORKING GROUP

- [Gil Asakawa](#), Student Media Manager, University of Colorado Boulder
- [Chris Barge](#),\*\* Vice President, Community Foundation Boulder County
- [Sue Cross](#),\*\*\* CEO, Institute for Nonprofit News
- [Melissa Davis](#),\* Vice President, Gates Family Foundation
- [Jill Farschman](#), CEO, Colorado Press Association
- [Simon Galperin](#), Founder and Director, Community Information Cooperative
- [Tom Gougeon](#),\* President, Gates Family Foundation
- [JB Holston](#),\* Dean, College of Computer Science and Engineering, University of Denver
- [Rich Jones](#), Bell Policy Center (retired)
- [David Miller](#), Executive Director, Barton Institute for Philanthropy and Social Enterprise
- [Gregory Moore](#),\*\* Editor-in-Chief, Deke Digital, and Former Editor, Denver Post (2002-2016)
- [Gloria Neal](#), Director of Public Affairs, City and County of Denver
- [Chuck Plunkett](#), Director, CU News Corps, University of Colorado Boulder
- [Mike Rispoli](#),\*\*\* News Voices Director, Free Press
- [Jeff Roberts](#), Executive Director, Colorado Freedom of Information Coalition
- [John Temple](#),\*\* Chairman, Amuse Labs, and Former Editor, Rocky Mountain News (1998-2009)
- [Nancy Watzman](#), Director, Colorado Media Project
- [Steve Zansberg](#), Senior Counsel, Ballard Spahr

### COLORADO MEDIA PROJECT LOCAL ADVISORS

- John Baron, GBSM
- Curtis Esquibel, Latino Leadership Institute
- Mario Carrera, Entravision/Univision (retired)
- Nicole Glarios, Techstars
- Jerry Glick, Columbia Group LLLP
- Joanne Kelley, Philanthropy Colorado
- Gail Klapper, Colorado Forum
- Judy Muller, ABC News (retired)
- Lynn Shofield Clark, University of Denver
- Gary Steuer, Bonfils-Stanton Foundation
- Scott Stemberger, Boston Consulting Group

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- Penny Abernathy\*\*\*, School of Media and Journalism, University of North Carolina Chapel Hill
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- Brian Bagley, City of Longmont
- Madeleine Bair, Free Press
- Richard Ballantine, Ballantine Communications Inc.
- Lori Bergen, University of Colorado Boulder
- Neil Best, KUNC
- Bob Canace, The Peter and Carmen Lucia Buck Foundation
- John Chrastka, EveryLibrary
- Scott Converse, Longmont Observer
- Jennifer Corrigan, Summit Policy Works
- Deserai Crow, School for Public Affairs, University of Colorado Denver
- Alex Dixon, University of North Carolina at Chapel Hill
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- Nicolle Ingui Davies, Colorado State Library
- Teresa Gorman\*\*\*, Democracy Fund
- Ann and Jerry Healey, Colorado Community Media
- John Huggins,\* Notable Systems
- Corey Hutchins, Colorado College
- Nancy Kerr, Longmont Public Library
- Jeff Kraft, Colorado Office of Economic Development and International Trade
- Amanda Mountain, Rocky Mountain Public Media
- Stefanie Murray\*\*\*, Center for Cooperative Media, Montclair State University
- Fraser Nelson, Salt Lake Tribune
- Kevin Raines, Corona Insights
- Karen Rundlet, Knight Foundation
- Justin Sasso, Colorado Broadcasters Association
- Nathan Schneider, Media Enterprise Design Lab, University of Colorado Boulder
- Josh Stearns, Democracy Fund
- Paul Teske, School for Public Affairs, University of Colorado Denver
- John Thornton, American Journalism Project
- Stewart Vanderwilt, Colorado Public Radio
- Ethan Van Ness, Office of U.S. Rep. Mark DeSaulnier
- Ashley Verville, Office of U.S. Rep. Ed Perlmutter
- Roxane White, Strategy with Rox

\*Colorado Media Project Executive Committee  
 \*\*Colorado Media Project Local Advisory Committee  
 \*\*\*Colorado Media Project National Advisors



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

One thing is clear: Colorado communities suffer when they lose access to trustworthy, nonpartisan local news. New ideas, new approaches, and new products and services are desperately needed to ensure the reimagining and very survival of high-quality journalism in Colorado, especially in underserved communities. Indeed, Colorado already has promising entrepreneurial efforts by existing news organizations and digital native upstarts that are injecting a spirit of innovation that can serve as an example to the nation.

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

With this white paper, we hope to spark conversations at all levels on the proposition: **Free and independent local news is a public good that is vital to democracy, and all Coloradans, including community leaders, should seriously consider public support as one of the necessary vehicles to sustain and evolve local public-service journalism.**

We will present current local, national, and international research and existing models that have led us to draw these conclusions. And we will share five ideas for reshaping the future of journalism in our state by bringing newsrooms and communities closer together:

- 1 Empower local communities and voters to raise local revenues to meet public information needs.** Colorado could set the stage for local communities to raise public support for local news by developing a framework that maximizes community participation, protects freedom of speech, ensures inclusivity, and prevents direct and indirect influence from any governmental body, department, or official as well as private individuals and businesses.
- 2 Create and fund a state-level, public-private partnership to stimulate local media innovation and prioritize the needs of underserved rural, low-income, and racial and ethnic communities.** Colorado could join 35 other U.S. states and many democratic nations in providing public support for independent, public-service journalism and civic engagement initiatives. Goals could evolve the sector in ways that are 1) more sustainable, 2) more collaborative, and 3) more responsive to the civic news and information needs of Coloradans statewide, especially in [news deserts](#).<sup>2</sup>
- 3 Develop programs to help local media businesses increase sustainability and/or transition to mission-driven models.** Colorado's existing small business and rural assistance programs could be tailored to help local media owners access technical or business expertise and/or transition to employee ownership, public benefit corporations, or nonprofit organizations. The state could provide tax incentives for owners who donate community news assets and seed philanthropic trusts to meet local civic information needs.
- 4 Increase support for public libraries and higher education to help meet community news and information needs.** These existing institutions are well-positioned to play new roles to sustain the 21st century public square, particularly in news deserts, where no independent local media exists.
- 5 Modernize the ways state and local entities make government data accessible to citizens and the media.** State and local governments should adopt the policy that the default for data about and generated by government should be open – not closed – and provide it in an affordable, standard format that most media outlets and individuals can use.

<sup>2</sup> A number of research teams are studying the impact on U.S. communities when local news outlets close or reduce coverage. For examples, see "The Expanding News Desert" at University of North Carolina Chapel Hill, <https://www.usnewsdeserts.com/>; The News Measures Research Project at Duke University, (<https://dewitt.sanford.duke.edu/news-measures-research-project/>); and The Media Deserts Project at Ohio University, <https://mediadeserts.wordpress.com/>.



Note that none of these ideas is meant to suggest that public funding should fully subsidize local news. We strongly believe that cultivating a diversified blend of funding streams – such as individual subscriptions or memberships, local advertising or sponsorships, major donor contributions, foundation grants, and revenue from events, products, or services – is the most reliable way to ensure the continued sustainability and independence of local media. Public funding can augment these streams by stimulating innovation and ensuring that every Coloradan has access to trustworthy local news that holds the powerful to account, connects communities, and equips the public to take on important issues facing our state.

We call on communities and leaders across Colorado to take bold action. Some of the ideas we offer can be advanced by redirecting existing funds at the state or local levels or by emphasizing new roles for existing institutions. Some would rely on funding approved at the local level. All of these public sources could be leveraged to attract private funds.

We also join with others across the country and worldwide who are calling on tech platforms to do more to address their role in the decline of civil discourse and trust that now defines the 21st century public commons. New taxes levied on digital advertising could fuel high-quality journalism and fundamentally transform local news for the future. Ideally, such taxes would be introduced at the federal level; however, states can take the lead in setting this agenda. Extending Colorado’s 2.9% state sales tax to digital ads that are targeted at Coloradans would modernize the state’s sales tax system by tying it more closely to the growth in digital services while generating additional revenue to address the consequences these changes have had on local civic information and trustworthy local journalism.

“A democracy is a government of the people. People are the ultimate source of power and authority,” former Denver Post editorial page editor Chuck Plunkett recently told the audience at [TEDxMileHigh](https://www.tedxmilehigh.com/). “A great local newsroom acts like a mirror. Its journalists see the community and reflect it back. That information is empowering – seeing, knowing, understanding – and this is how good decisions are made.”<sup>3</sup>

We hope that the ideas contained in this paper inspire more Coloradans to envision what’s possible for local news and civic engagement in the 21st century. We invite you to join the Colorado Media Project as we begin the discussion online at <https://www.coloradomediaproject.com/public-good> and in the coming year as we co-host conversations in collaboration with local communities across the state.

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<sup>3</sup> Plunkett, Chuck. “When Local News Dies, So Does Our Democracy,” TedxMileHigh, July 2019, [https://www.youtube.com/watch?v=uR\\_jBjB-fj8](https://www.youtube.com/watch?v=uR_jBjB-fj8)



Participants at Migrahack Colorado discuss data-based approaches to reporting on immigration. (Colorado Media Project)

## THE ISSUE

Local journalism in Colorado is in crisis. Nearly one in five Colorado newspapers has [closed](#) since 2004<sup>4</sup>. The number of professional [reporters](#) covering critical information needs of Coloradans across all media formats declined by nearly 44% between 2010 and 2018, from 1,010 to 570 reporters statewide.<sup>5</sup>

The business model for local journalism is broken. Twenty years ago, local advertising sustained local news outlets and subsidized the creation of civically important content. Today, two global companies, [Facebook and Google](#), are capturing the lion’s share of revenue from digital ads – 60% in 2019<sup>6</sup> – and they’re capturing almost all the growth in digital ads, too.

Most Coloradans are largely unaware of the financial crisis in local news or its causes. In fact, seven in 10 Americans believe their local news outlets are doing “very or somewhat well financially,” according to a 2019 Pew Research [survey](#).<sup>7</sup> While trust in national news is low and polarized, more than 70% of Americans across the political spectrum [trust](#) their local news outlets.<sup>8</sup>

But the most critical issue goes beyond job losses or a struggling industry: Most important, Coloradans are increasingly disengaged from the news and information we need to make decisions about civic issues, candidates, and elected officials and the future of our state. It’s time to begin a serious conversation about ways to take action to make sure that trustworthy, independent local news and information is available to all Coloradans.

<sup>4</sup> Data on newspaper closures and mergers in Colorado, collected by the Center for Innovation and Sustainability in Local Media, School of Media and Journalism, University of North Carolina at Chapel Hill, August 2019. This was supplemented with web research, a review of annual reports and telephone interviews with Colorado outlets.

<sup>5</sup> Occupational Employment and Wage Rates for Reporters and Correspondents, Colorado 2009-2018, Occupational Employment Statistics Program, Colorado Department of Labor and Employment, <https://www.colmigateway.com/vosnet/analyzer/results.aspx?enc=89GrFwVduKBsnTQJdTC3xQ==>.

<sup>6</sup> “Google, Facebook have tight grip on growing U.S. online ad market: report,” Reuters, June 2019, <https://www.reuters.com/article/us-alphabet-facebook-advertising/google-facebook-have-tight-grip-on-growing-u-s-online-ad-market-report-idUSKCN1T61IV>.

<sup>7</sup> “Local News Is Dying, and Americans Have No Idea,” The Atlantic, March 2019, <https://www.theatlantic.com/technology/archive/2019/03/local-news-is-dying-and-americans-have-no-idea/585772/>.

<sup>8</sup> “Finally, some good news: Trust in news is up, especially in local media,” Poynter Institute, August 2018, <https://www.poynter.org/ethics-trust/2018/finally-some-good-news-trust-in-news-is-up-especially-for-local-media/>.

**81 percent**

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

**15 percent**

have paid for local news in the past year.

Source: Pew Research Center, 2019



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

Research shows that local journalism is essential for democracy, civic participation, and economic vibrancy. As independent news outlets close or reduce coverage, local residents are worse off, communities are weakened, and our democracy is threatened. This is because traditionally, local news outlets have been a primary vehicle for mass audiences to receive information that the [Federal Communications Commission \(FCC\)](#) argues is critical and “necessary for citizens and community members to live safe and healthy lives; have full access to educational, employment, and business opportunities; and to participate fully in the civic and democratic lives of their communities should they choose.”<sup>9</sup>

### CRITICAL INFORMATION NEEDS FOR LOCAL COMMUNITIES

According to the FCC, all U.S. residents need access – in a timely manner, in an interpretable language, and via reasonably accessible media – to factual, nonpartisan information in eight essential categories:

1. **emergencies and risks**, both immediate and long-term;
2. **health and welfare**, including local health information as well as group-specific health information where it exists;
3. **education**, including the quality of local schools and choices available to parents;
4. **transportation**, including available alternatives, costs, and schedules;
5. **economic opportunities**, including job information, job training, and small business assistance;
6. **the environment**, including air and water quality and access to recreation;
7. **civic information**, including the availability of civic institutions and opportunities to associate with others;
8. **political information**, including information about candidates at all relevant levels of local governance and about relevant public policy initiatives affecting communities and neighborhoods.



Colorado Sun reporter Jennifer Brown interviewing a manager at the DADS Landfill near Aurora (Kathryn Scott, Special to The Colorado Sun)

Recent studies have documented that losing independent local news coverage has profound impacts, including:

- **Declining civic engagement:** The closure of the Rocky Mountain News in 2009 significantly reduced the level of [civic engagement](#); the declines in Denver and Seattle, which lost the Post-Intelligencer, were significantly greater than in similar cities that did not lose newspapers.<sup>10</sup>
- **Political polarization:** After local newspapers close, the level of [political polarization](#) in communities rises. Researchers attribute this to less exposure to independent, nonpartisan local news and greater exposure to national news, which tends to be more partisan.<sup>11</sup>
- **Less informed voters:** Another study found that residents’ knowledge and likelihood to [vote](#) declined as local political news coverage dropped.<sup>12</sup> Researchers also found that voting rates [dropped](#) along with a decline in local news coverage, and this drop was widespread, not just among less attentive citizens.<sup>13</sup> In fact, the act of reading a local newspaper can [mobilize](#) up to 13% of nonvoters to cast ballots.<sup>14</sup>

<sup>9</sup> FCC Literature Review, Executive Summary, July 16, 2012, [https://transition.fcc.gov/ocbo/Executive\\_Summary.pdf](https://transition.fcc.gov/ocbo/Executive_Summary.pdf).

<sup>10</sup> “Dead Newspapers and Citizens’ Civic Engagement,” Lee Shaker (2014), political communication, 31:1, 131-148, DOI: [10.1080/10584609.2012.762817](https://doi.org/10.1080/10584609.2012.762817). The Post-Intelligencer stopped publishing a print edition but continued to produce a web version. The Rocky Mountain News shut down completely.

<sup>11</sup> Joshua P. Darr, Matthew P. Hitt, Johanna L. Dunaway, “Newspaper Closures Polarize Voting Behavior,” Journal of Communication, Volume 68, Issue 6, December 2018, <https://doi.org/10.1093/joc/jqy051>.

<sup>12</sup> Hayes, Danny and Jennifer L. Lawless, “The Decline of Local News and Its Effects: New Evidence from Longitudinal Data,” The Journal of Politics 80, no. 1, October 2017, <https://www.dannyhayes.org/uploads/6/9/8/5/69858539/decline.pdf>.

<sup>13</sup> Hayes, Danny and Lawless, Jennifer L. “As Local News Goes So Goes Citizen Engagement: Media, Knowledge and Participation in U.S. House Elections,” The Journal of Politics 77, no. 2, April 2015, <https://www.dannyhayes.org/uploads/6/9/8/5/69858539/localnews.pdf>.

<sup>14</sup> Gentzkow, Matthew. “The Effect of Newspaper Entry and Exit on Electoral Politics,” 2009 testimony to the FTC, based on a study by Gentzkow, Shapiro, and Sinkinson published in American Economic Review, f2011) [https://www.ftc.gov/sites/default/files/documents/public\\_events/how-will-journalism-survive-internet-age/gentzkow.pdf](https://www.ftc.gov/sites/default/files/documents/public_events/how-will-journalism-survive-internet-age/gentzkow.pdf).



- **Fewer political candidates:** One study found that following the closure of the Cincinnati Post, the local area experienced fewer candidates for municipal election, [lower voter turnout](#), less campaign spending, and more incumbent victories in the paper’s coverage area that included suburban Kentucky.<sup>15</sup> Another study found that staff cutbacks in local newspapers were associated with [fewer challengers](#) in California mayoral elections.<sup>16</sup>
- **Higher government costs:** A 2019 analysis found that newspaper closures are associated with local governments paying [higher interest rates](#) on their bonds. Researchers found that in areas with less local news coverage, there are also greater governmental inefficiencies, higher governmental wages, and larger deficits. They concluded, “our results indicate that local newspapers hold their governments accountable, keeping municipal borrowing costs low and ultimately saving local taxpayers money.”<sup>17</sup>
- **Other economic costs:** In knowledge-based economies, access to information has been found to be a critical factor in promoting local [economic growth](#). Communities with multiple and robust information sources are more likely to grow economically than those with more limited access to information. Experts who study economic growth argue that ready access to high-quality, actionable information is an important factor in determining economic outcomes.<sup>18</sup>

While most of the studies mentioned above focus on impacts related to the decline of newspapers, the takeaway for Coloradans should not be a protectionist stance about any particular platform or media type. All local news businesses must continue to modernize by adopting new technologies to report and deliver the news more efficiently and by developing stronger relationships with the communities they serve. The Colorado Media Project is platform- and business

model-agnostic in drawing attention to this crisis. We seek to stimulate and sustain objective, nonpartisan journalism in Colorado for the benefit of the state’s communities.

It’s also important to recognize that as independent local media declines, others are attempting to fill the void. With social media, anyone can be a storyteller or influencer, and quite a few even make a living doing so.

For example, today in Colorado, there are about 10 [public relations](#) professionals for every one professional journalist.<sup>19</sup> Many of these communications professionals represent commercial businesses, while others work in the public and philanthropic sectors: for example, government public information officers and nonprofit communications professionals. But even those who advance corporate interests or advocate for specific causes recognize the value of a free, independent news media for the level of credibility that comes with a news story reported by a professional journalist and published in a trusted news outlet.

As long as there is democracy, we see a need for independent, professional local journalists who attend city council and school board meetings, who pore through government data sets looking for patterns and discrepancies, who introduce us to complicated issues and unfamiliar neighbors, and who, in the best cases, spotlight our common interests and humanity.

The great challenge facing communities today is how to respond to the market forces that have drastically reduced the workforce we’ve traditionally relied upon to

*Today in Colorado, there are about 10 public relations professionals on the job for every one professional journalist.*



<sup>15</sup> Schulhofer-Wohl, Sam and Garrido, Miguel. “Do Newspapers Matter? Short-Run and Long-Run Evidence from the Closure of The Cincinnati Post,” Federal Reserve Bank of Minneapolis, Research Department Staff Report 474, September 2012, <https://www.minneapolisfed.org/research/sr474.pdf>.  
<sup>16</sup> Rubado, Meghan E. and Jennings, Jay T. “Political Consequences of the Endangered Local Watchdog: Newspaper Decline and Mayoral Elections in the United States,” Urban Affairs Review, 2019, <https://journals.sagepub.com/doi/pdf/10.1177/1078087419838058>.  
<sup>17</sup> Gao, Pengjie; Lee, Chang; and Murphy, Dermot. “Financing Dies in Darkness? The Impact of Newspaper Closures on Public Finance,” Journal of Financial Economics (forthcoming), Feb. 12, 2019, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3175555](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3175555).  
<sup>18</sup> FCC Literature Review, Executive Summary, July 16, 2012, [https://transition.fcc.gov/ocbo/Executive\\_Summary.pdf](https://transition.fcc.gov/ocbo/Executive_Summary.pdf).  
<sup>19</sup> Occupational Employment and Wage Rates for Public Relations Specialists, Colorado 2009-2018, Occupational Employment Statistics Program, Colorado Department of Labor and Employment, <https://www.colmigateway.com/vosnet/analyzer/results.aspx?enc=89GrFwVduKBsTQJdTC3xQ==>.



hold governments accountable. The great opportunity is to do this in ways that are more efficient, more collaborative, more sustainable, and more aligned with the needs of Coloradans in the 21st century.

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

Traditionally, all commercial news organizations have relied heavily on advertising to finance their operations. Although most local newspapers also sell subscriptions, most of their revenue still comes from print advertising, including classified ads, display ads, government public notices, and obituaries. Television stations

also have historically subsidized local newsrooms through advertising, with windfalls coming during political campaign seasons.

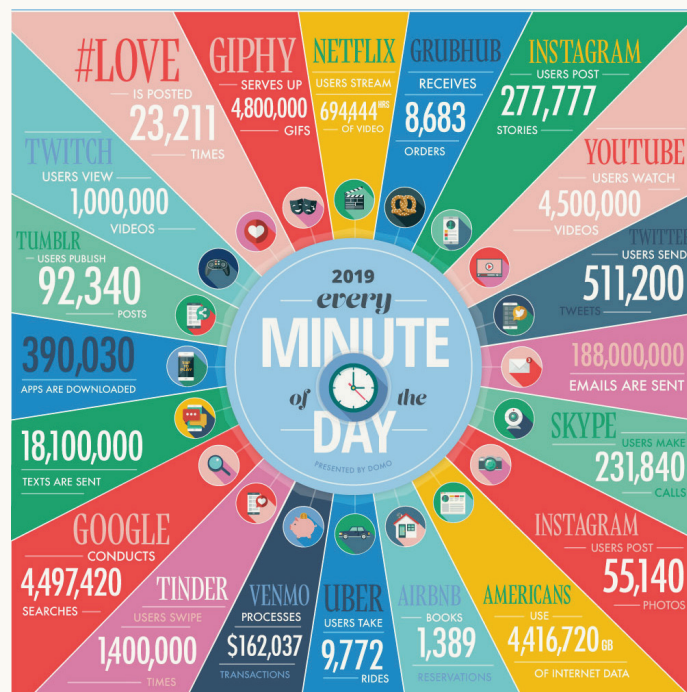
Since the rise of technology companies such as Craigslist, eBay, Facebook, and Google in the early 2000s, print and eventually broadcast advertising has steadily migrated online. While most newspapers now offer both print and digital ads and subscriptions, most have not been able to transform their operations in ways that compete with Big Tech, both to replace the loss of advertising revenue and to engage customers online. As a result, most local Colorado newspapers have shed staff, and many have either been closed or gobbled up by national conglomerates seeking economies of scale and access to adequate technology and new product development. The total amount of U.S. digital advertising is projected to reach [more than \\$129 billion in 2019](#), the first year that analysts expect advertisers will spend more on digital than traditional media. An accelerated decline in

traditional media advertising, particularly TV, has led digital to overtake traditional even earlier than previously predicted.<sup>20</sup>

Many Coloradans now receive their local news through Google, Facebook, and other platforms, but most local newsrooms don’t benefit financially from the use of their content. The decline in news production has begun to affect platform functionality. When Facebook recently launched a new “Today In” section to surface and spotlight local news, the company noted that the selection of stories [is slim to none](#) in many towns and regions. In a news release announcing a series of

corporate grants to research and address the issue, Facebook stated: “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. What does that mean exactly? In the last 28 days, there has not been a single day where we’ve been able to find five or more recent news articles directly related to these towns. This does not vary much by region: 35 percent of users in the Midwest, Northeast, and South – and 26 percent in the West – live in places

where we can’t find much local news on Facebook.”<sup>21</sup> In the “attention economy,” local news also is competing against every other form of entertainment, education, and distraction now available to modern Americans. Since 2000, time spent online each week has risen from 9.4 hours to 23.6 hours. Over 82% of Americans can now access the Internet from their mobile devices, and nearly half of all time spent [online](#) is via mobile device.<sup>22</sup> Streaming services such as Netflix and Hulu are also winning the battle for Americans’ limited time.



Source: “Data Never Sleeps 7.0”, Domo, 2019. <https://www.domo.com/learn/data-never-sleeps-7>

<sup>20</sup> U.S. Digital Ad Spending, 2019, e-Marketer. <https://www.emarketer.com/content/us-digital-ad-spending-2019>

<sup>21</sup> “Facebook Enters the News Desert Battle: Trying to Find Enough Local News for Its Today In Feature,” NiemanLab, March 2019, <https://www.niemanlab.org/2019/03/facebook-enters-the-news-desert-battle-trying-to-find-enough-local-news-for-its-today-in-feature/>.

<sup>22</sup> “Surveying the Digital Future: Year Fifteen,” University of Southern California, Annenberg School for Communication, 2017, <http://www.digitalcenter.org/wp-content/uploads/2013/10/2017-Digital-Future-Report.pdf>.





Meanwhile, most local news outlets do not have user-friendly, mobile-first access points to attract and retain local users. The realities of the market have led some to conclude that an appropriately staffed local newsroom cannot be profitable in most communities in today’s environment.<sup>23</sup> In 2018, the Colorado Media Project partnered with the Boston Consulting Group to seek out commercially viable business models for local accountability journalism that could be sustained primarily through advertising and subscriptions. While two potential sustainable business models were identified, both relied heavily on aggregation or analysis of existing local content produced elsewhere or community-generated information rather than original content reported or produced by professional journalists. Ultimately, “Project leaders determined that (these models) did not address the significant gap in news gathering capacity that currently defines the Colorado news landscape.”<sup>24</sup>

National consolidation of local newspapers and television stations has become the primary strategy for commercial media’s survival. This trend reached a new milestone in 2019, with the proposed merger of GateHouse and Gannett, the two largest national newspaper conglomerates.

The combined portfolio would include 260 daily newspapers and more than 300 weeklies, including two dailies in Colorado: the Pueblo Chieftain, which was locally owned for 150 years until its sale to GateHouse in 2018, and the Fort Collins Coloradoan, which has been recognized nationally as a leader in the conversion to digital markets.<sup>25</sup> According to the joint statement announcing the merger, the companies intend to cut costs by \$275 million to \$300 million annually as a result of the merger.<sup>26</sup>

The business decisions of Alden Global Capital – the hedge fund that controls MediaNews Group (formerly Digital First Media), which owns The Denver Post and 16 other Colorado daily and weekly newspapers – have

inspired a national headline-grabbing rebellion from its own newsrooms in April 2018. A Washington Post investigation concluded: “Alden’s decision to cut costs at its papers is not uncommon in the newspaper industry, which lost 45% of newsroom positions between 2008 and 2017, but researchers found that Digital First cut staff at more than twice the rate of competitors.” Meanwhile, “even as newspapers’ circulation and revenue have declined across the country, in 2018, the company’s operating profit margins were 16.2 percent – 5 percentage points higher than Gannett’s, according to securities filings and Digital First’s letter.”<sup>27</sup>

*62% of Colorado’s newspapers are currently operated by small business owners – representing 51% of the state’s total newspaper circulation.*

Between the impending Gannett-GateHouse merger and the Alden portfolio, investment firms are set to own 24 Colorado properties representing 28% of the state’s total newspaper circulation by the end of 2019. On the other end of the spectrum, Colorado small business owners retain control of 93 papers reaching 51% of the state’s total newspaper circulation.<sup>28</sup>



RMPBS Arts District Producer Jeffrey Dallet joins Intern, Alex Tuscanes, for an interview with “Birdy” magazine cofounders. (Rocky Mountain PBS)

<sup>23</sup> Plunkett, Chuck. “When local news dies so does our democracy,” TED Talk, July 2019, [https://www.youtube.com/watch?v=uR\\_jBIB-fj8](https://www.youtube.com/watch?v=uR_jBIB-fj8).  
<sup>24</sup> “Colorado Media Project: Key Insights and Recommendations,” Colorado Media Project, September 2018, <http://bit.ly/CMP-2018-Exec-Summary>.  
<sup>25</sup> Hefty, Jennifer, Fort Collins Coloradoan. “Don’t be afraid to tell your readers your journalism is valuable,” for Trusting News on Medium, August 2018, <https://medium.com/trusting-news/dont-be-afraid-to-tell-your-readers-your-journalism-is-valuable-b6079fc40685>.  
<sup>26</sup> “GateHouse Media Owner to Acquire USA Today Owner Gannett,” USA Today, August 2019. <https://www.usatoday.com/story/money/2019/08/05/gannett-gate-house-media-new-media-investment-group/1902550001/>.  
<sup>27</sup> “A hedge funds mercenary strategy: Buy newspapers, slash jobs, sell the buildings,” Washington Post, February 2019, [https://www.washingtonpost.com/business/economy/a-hedge-funds-mercenary-strategy-buy-newspapers-slash-jobs-sell-the-buildings/2019/02/11/f2c0c78a-1f59-11e9-8e21-59a09ff1e2a1\\_story.html](https://www.washingtonpost.com/business/economy/a-hedge-funds-mercenary-strategy-buy-newspapers-slash-jobs-sell-the-buildings/2019/02/11/f2c0c78a-1f59-11e9-8e21-59a09ff1e2a1_story.html).  
<sup>28</sup> Author’s analysis of newspaper ownership data from the Center for Innovation and Sustainability in Local Media, School of Media and Journalism, University of North Carolina at Chapel Hill, and data from the Colorado Press Association, August 2019.



**TABLE 1 - COLORADO’S NEWSPAPERS: OWNERS AND PRINT CIRCULATION**

OWNER	# OF PAPERS	CIRCULATION	% TOTAL CIRCULATION	TYPE OF OWNER
Small business owners (one or two small CO papers)	62	404,026	33%	CO Small Business
<u>MediaNews Group/Alden Global Capital</u>	17	289,078	24%	Investment Firm
<u>Colorado Community Media/ Macari-Healey Publishing Company</u>	21	177,822	15%	CO Small Business
<u>Swift Communications</u>	14	117,900	10%	Regional Chain
<u>Clarity Media Group/Anschutz Corp.</u>	6	86,501	7%	CO Large Business
<u>GateHouse/New Media Investment Group</u>	5	48,827	4%	Investment Firm
<u>Gannett (soon to merge with GateHouse)</u>	2	33,534	3%	National Chain
<u>Thirteenth Street Media dba Telluride Newspapers</u>	3	14,250	1%	CO Small Business
<u>Wick Communications</u>	2	11,244	1%	National Chain
<u>Arkansas Valley Publishing</u>	4	10,736	1%	CO Small Business
<u>Ballantine Communications</u>	3	9,159	1%	CO Small Business
<u>Landmark Community Newspapers</u>	5	7,739	1%	National Chain
<u>News Media Corporation</u>	7	7,640	1%	National Chain
<b>Total</b>	<b>151</b>	<b>1,218,456</b>	<b>100%</b>	
<b>All CO Small Businesses</b>	<b>93</b>	<b>615,993</b>	<b>51%</b>	

Source: Original data provided by the Center for Innovation and Sustainability in Local Media, University of North Carolina at Chapel Hill, August 2019. Colorado Media Project then cross-checked UNC data with Colorado Press Association data and updated via web research and phone calls to local outlets. We welcome comments or corrections at [info@coloradomediaproject.com](mailto:info@coloradomediaproject.com).

Family-owned newspapers are struggling with the same harsh realities as the national giants. In addition to reducing staff, a growing trend among local newspapers seeking to cut costs is to reduce their days of print publication. For example, in March 2017, the Durango Herald reduced its print publication from seven to four days per week,<sup>29</sup> and down again to three days per week in October 2019. In June 2019 publisher Richard Ballantine announced a four-page trim to the paper’s Friday and Saturday printed editions, with less space devoted to wire service stories in the Travel, Food, and Opinion pages. “While the Herald’s combined online and print readership is at an all-time high and rising, digital revenue has not yet replaced print revenue,” Ballantine told readers. “What is important

is that locally written content about Durango and La Plata County and the Southwest, which is most important to Herald readers, will continue at full strength.”<sup>30</sup>

On the Western Slope, Grand Junction Sentinel publisher Jay Seaton is a fourth-generation family newspaper publisher with a reputation for investing in local news. In August 2018, Seaton opted to stop publishing the Monday and Tuesday editions instead of laying off staff or raising prices for subscribers.<sup>31</sup> “I love the idea of rethinking the newsgathering model, but I haven’t found a way to do so without engaged, hungry reporters,” Seaton said in an interview with the Colorado Press Association. “Business innovation is something this industry sorely needs.”<sup>32</sup> To this end, the Sentinel recently purchased four local FM radio

<sup>29</sup> “The Durango Herald announces new publication schedule,” The Durango Herald, March 2017, <https://durangoherald.com/articles/139660>.

<sup>30</sup> “Herald announces changes to Friday, Saturday editions,” The Durango Herald, June 2019, <https://durangoherald.com/articles/282478>.

<sup>31</sup> “Daily Sentinel Publisher: Cutting Paper Editions Preserves Mission More Than Layoffs,” Colorado Public Radio, July 2019, <https://www.cpr.org/show-segment/daily-sentinel-publisher-cutting-paper-editions-preserves-mission-more-than-layoffs/>.

<sup>32</sup> “10 Questions With Jay Seaton,” Colorado Press Association, 2017, [http://coloradopressassociation.com/news/questions-with-jay-seaton/article\\_c12444c6-2b91-11e7-8b0c-f782fdefa2a.html](http://coloradopressassociation.com/news/questions-with-jay-seaton/article_c12444c6-2b91-11e7-8b0c-f782fdefa2a.html).



stations – including the only Spanish-language station in the Grand Valley – with a goal to infuse more local news reported by the Sentinel into the local stations’ broadcasts. As the newspaper reported: “The deal became possible in November 2017 when the FCC eliminated a ban on cross-ownership between media entities. It also made it easier for companies to buy additional radio stations in some markets and to jointly sell advertising time or space.”

As the industry seeks new, sustainable models for the future, communities must come to terms with the question of how to pay for local news if they want the industry to continue to perform its democratic function.

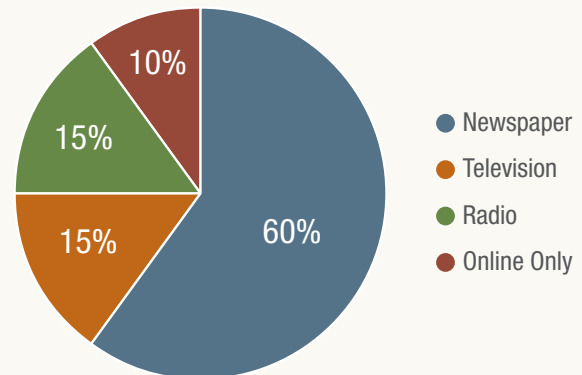
### Where are Colorado’s news deserts and what are the implications?

Since 2004, more than 1,800 newspapers – representing about one out of every five newspapers nationwide – have shut down. Half of the nation’s 3,143 counties have only one newspaper, usually a weekly, and almost 200 counties have no paper at all.

Colorado has experienced a similar decline. The state lost 33 newspapers – almost one out of every five of our papers – between 2004 and 2019, including the Rocky Mountain News in 2009.<sup>33</sup>

While most professional local news outlets – newspapers, television and radio stations, and online-only news sources – provide residents with some original, local coverage of eight critical issues as defined by the FCC, it is important to focus on newspapers because they still produce the majority of local coverage, even with their reduced staff levels. An August 2019 Duke University content analysis comparing journalistic output across all media formats found that newspapers still produce nearly 60% of the stories categorized by the study as original, local coverage of critical issues, while accounting for just roughly 25% of local outlets.<sup>34</sup>

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



Source: Duke University, 2019

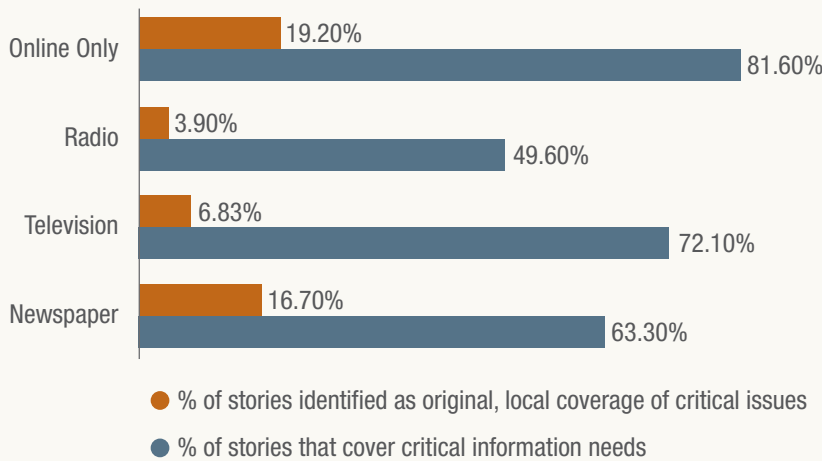
(Note that while most newspaper articles, as well as television and radio stories, are distributed online as well as in their original medium, this study looks at the original format of the news source that reported and published each story.)

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

However, online-only local news sources perform extremely well in terms of the proportion of their story output that addresses critical information needs (over 80%), the study notes, and their numbers and significance are growing. But currently, online-only news sources remain a relatively small component of most local media ecosystems in the U.S., and this is especially true in communities outside Colorado’s Front Range. Currently, newspapers still provide the primary workforce keeping local, nonpartisan journalism alive in most of the U.S., though online-only outlets seem to hold the most promise for mission-driven journalism, if they can reach scale.

<sup>33</sup> Author’s analysis of data on Colorado’s newspaper closures from the Center for Innovation and Sustainability in Local Media, School of Media and Journalism, University of North Carolina at Chapel Hill, data from the Colorado Press Association; web research; and calls to local outlets.

<sup>34</sup> “Who’s Producing Local Journalism? Assessing Journalistic Output Across Different Outlet Types,” Duke University, DeWitt Wallace Center for Media and Democracy, 2019, [https://dewitt.sanford.duke.edu/wp-content/uploads/2019/08/Whos-Producing-Local-Journalism\\_FINAL.pdf](https://dewitt.sanford.duke.edu/wp-content/uploads/2019/08/Whos-Producing-Local-Journalism_FINAL.pdf).



Lynn Shofield Clark, Colorado Media Project advisor and University of Denver professor, at a CMP forum. (Colorado Media Project)

Source: Duke University, 2019

Because newspapers continue to play such an important role in meeting the local information needs of communities, tracking their decline is not just a question of job losses in a struggling industry; it is a harbinger of community losses.

COLORADO'S JOURNALISM WORKFORCE: A DECADE OF DECLINE		
Year	Total Newspaper Employment	Reporters and Correspondents (all media)
2010	4,308	1,010
2018	2,535	570
2010-18 change	-1,773	-440
<b>% change</b>	<b>-41%</b>	<b>-44%</b>

Source: Occupational Employment Statistics Program, Colorado Department of Labor and Employment

It’s rural and low-income areas that are often left without local news and journalism when papers close, and there is no source of news and information to fill that gap. Located in the southeastern corner of Colorado, Baca County currently has no newspaper and is one of the most rural and economically [distressed](#) counties in Colorado.<sup>35</sup> Baca’s median family income is about half that of the state’s as a whole, while its [poverty rate](#) is twice as high. The county lost almost 7% of its [population](#) over the past decade while the rest of the state was growing by 11%.<sup>36</sup>

Another 30 Colorado counties have only one newspaper. Eighty-three percent of these papers are only published weekly and have an average circulation of 3,701. Most – 83% – serve residents in non-metro areas, with 40% located in Colorado’s most rural counties.

Most of these rural newspapers have an average total circulation that reaches a large portion of their county’s population. For example, 60% reach at least half of residents in their county, and 40% reach almost all residents (more than 90%). Clearly, the residents in these counties rely on these papers for their local news and would be hard-pressed to find another source if they closed.

The 30 newspapers in this group tend to be small businesses. 43% are owned by people with only one newspaper, and another 13% are owned by small chains based in Colorado.<sup>37</sup>

**30 Colorado counties have only one newspaper.**

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

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

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

<sup>35</sup> 2018 Distressed Communities Index, Economic Innovation Group, <https://eig.org/dci/2018-dci-map-u-s-counties-by-state-map>.

<sup>36</sup> Colorado Demography Office, Population Estimates 2010 to 2017, and Poverty Ratio by County, U.S. Census Bureau, 2013-2017 American Community Survey, Five Year Estimates, <https://demography.dola.colorado.gov/population/population-totals-counties/#population-totals-for-colorado-counties> and <https://demography.dola.colorado.gov/census-acr/american-community-survey-data/#american-community-survey-data-for-colorado>.

<sup>37</sup> Author’s analysis based on data provided by the Colorado Press Association and the University of North Carolina’s Expanding News Desert report. Population data comes from the Colorado Demography Office.



As newspapers close and no reliable news sources take their place, communities can turn into news deserts where residents lack access to vital information about local activities, government operations, and economic opportunities. The 30 counties in Colorado with only one newspaper are teetering on the verge of becoming news deserts.

Meanwhile, some outlets have become what researchers call “ghost papers,” which The New York Times described as “spectral incarnations of once-thick publications able to haul in cash even as they lack the deep reporting that once made them essential to their communities. These [phantoms](#) have hung on because print revenue, while in steep decline, still brought in more than \$25 billion nationally last year.”<sup>38</sup>

Residents with no independent local news source have to rely on unvetted social media, government sources, commercial public relations, and statewide or national media outlets for their daily news. These sources rarely cover day-to-day activities in local communities, leaving residents with few or no independent, reliable, trustworthy [sources](#) for local accountability journalism.<sup>39</sup>

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*At least 44 Colorado newspapers have owners who are approaching retirement age and may be or will be looking to sell their papers and exit the business, according to a Colorado Press Association estimate.*

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Keeping existing news sources open and operating is one way of preventing more communities from becoming news deserts. Jill Farschman, CEO of the Colorado Press Association (CPA), says that most local newspaper owners are committed to the mission of community journalism and are continuously seeking ways to modernize and improve their operations, though many lack access to capital or technical expertise to do so. Technical expertise or incentives could help these businesses make the necessary investments to transform their businesses for the digital age, or transfer ownership to mission-oriented individuals or organizations that are committed and able to do so.



*Behind the scenes with Rocky Mountain PBS shooting “Dior in Denver”. (Rocky Mountain PBS)*

Stimulating innovation in the sector could also help. This could include helping new local media outlets launch or helping existing news organizations transform and thrive, by encouraging journalistic entrepreneurship at the local level.

Without some intervention, more Colorado communities are likely to join the growing list of those that have no independent local news source.<sup>40</sup>

Many people associate news deserts with rural areas. But researchers also have found substantial [differences](#) in the quantity and quality of the local journalism produced within communities of different sizes and income levels. Low-income, minority, and marginalized communities in both metro and rural areas are more likely to lack access to local news and journalism than are white, affluent communities.<sup>41</sup> Stories about marginalized communities also may be overlooked by the power structures, processes, and people who decide what is covered by the media.

A survey and focus groups of New Jersey residents conducted by Free Press and the Center for Cooperative Media at Montclair State University found that those with lower incomes were more critical of the quality of the local coverage of their communities. Focus groups found that they were [frustrated](#) by the lack of focus on positive aspects of their communities and lamented the cutbacks in existing newspapers that resulted in fewer stories and less robust coverage of local issues.<sup>42</sup>

<sup>38</sup> “A Paradox at the Heart of the Newspaper Crisis,” New York Times, August 2019, <https://www.nytimes.com/2019/08/01/business/media/news-deserts-media-newspapers.html>.

<sup>39</sup> “The Expanding News Desert,” University of North Carolina at Chapel Hill, <https://www.usnewsdeserts.com>

<sup>40</sup> An analysis of the current membership of the Colorado Press Association conducted by the association, 2019.

<sup>41</sup> “Assessing the Health of Local Journalism Ecosystems,” Rutgers School of Communication and Information, June 2015, <http://mpii.rutgers.edu/assessing-the-health-of-local-journalism-ecosystems/>.

<sup>42</sup> “What do New Jersey news consumers want?” Center for Cooperative Media, School of Communication and Media, Montclair State University, March 2018, <https://centerforcooperativemedia.org/wp-content/uploads/sites/5/2018/03/CCM-Free-Press-survey-analysis.pdf>.



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

To survive in the 21st century, both local and national news publishers are scrambling to correct an overreliance on advertising by diversifying their revenue streams. This strategy includes increasing digital subscriptions, experimenting with new salable products and services such as podcasts and video, and cultivating new revenue sources, including philanthropic donations or memberships from organizations and people who believe in the mission of journalism.

To do this, news publishers must keep pace with rapid changes in technology that define the “attention economy.” These efforts are further complicated by the fact that local media’s fiercest competitors in digital ad space, Facebook and Google, also hold great power over content discovery and distribution as well as audience engagement online. A host of other media – including Netflix, YouTube, gaming platforms, and more – are also competing for every American’s time and attention.

“Blame Google and Facebook, blame tariffs and newsprint costs, blame Amazon and Uber for hiring away would-be early-morning newspaper deliverers – it makes little difference. We are on the brink of seeing major [cutbacks](#) in daily delivery and daily printing of newspapers, as soon as 2020,” according to media business industry analyst Ken Doctor of Newsonomics. “It’s possible, certainly, that a new, more truly hybrid print/digital brand can create new meaning and value. But that will take reinvestment in more and smarter news coverage and in mobile products that deliver it all well.”<sup>43</sup>

It is still unclear whether national networks will manage to find economies of scale and a sustainable business model for commercial news outlets. But the opportunity is ripe for local communities to test new models and develop new revenue streams for sustaining high-quality local journalism that meets critical public information needs.

*It is still unclear whether national networks will manage to find economies of scale and a sustainable business model for commercial news outlets. But the opportunity is ripe for local communities to test new models and develop new revenue streams for sustaining high-quality local journalism that meets critical public information needs.*

Many are turning their attention to community-supported local news that builds trust through membership and reader loyalty. The Membership Puzzle Project (MPP) has cataloged and reported on the benefits of news outlets of all business models adopting a membership mindset by establishing ongoing feedback loops with local communities in order to build trust, investment, and sustainability. A 2019 [MPP study](#) of international newsrooms found that adopting a wide range of proven

practices – including involving readers in news gathering, fact-checking, or flagging disinformation – could result in increased trust and engagement among members and increased revenue for outlets.<sup>44</sup>

The American Journalism Project (AJP) has coined the term “civic news organization” to describe “a local news organization that has a public service mission and a commitment to meeting the critical information needs of the community – in areas such as government, environment, education, social and criminal justice, or public health. It is supported by a mix of

commercial media tactics and sophisticated charitable fundraising.” AJP is raising a \$50 million “venture philanthropy fund” to support a portfolio of 25 to 35 civic news organizations across the U.S. that can serve as models for a new generation of “ecosystem leaders, high-potential newsrooms, and promising startups.”

Meanwhile, the number of nonpartisan, nonprofit U.S. news outlets has [grown](#) from 27 in 2009 to more than 230 members of the Institute for Nonprofit News (INN) today.<sup>45</sup> In 2018, nonprofit news outlets employed 3,000 people (two-thirds of them journalists) and brought in \$450 million in annual revenue, up \$100 million from the previous year. Individuals and families are stepping up as well, now contributing nearly 40% of all revenue going to news nonprofits. Nonprofit news sources’ reliance on foundation funding is likewise [decreasing](#), falling below 50% of revenue for the first time in 2018.<sup>46</sup>

<sup>43</sup> “The ‘Daily’ Part of Newspapers Is on Its Way Out – and Sooner Than You Think,” Ken Doctor, NiemanLab, <https://www.niemanlab.org/2019/08/newsonomics-the-daily-part-of-daily-newspapers-is-on-the-way-out-and-sooner-than-you-might-think/?relatedstory>.

<sup>44</sup> “Making Journalism More Memberful,” Membership Puzzle Project, Aug. 2019, <https://membershipuzzle.org/articles-overview/memberful-routines>.

<sup>45</sup> Institute for Nonprofit News - About Us, <https://inn.org/about/>.



Among these, two exemplars are often held up as successful, sustainable models by both AJP and INN. One is the Texas Tribune, a statewide, online-only source of political and public-interest journalism that earns revenue from corporate sponsors, individual donors, statewide community forums, and splashy political conferences. Another is Chalkbeat, a national network of K-12 education bureaus founded in Colorado that now covers seven locations, supported with revenue from national and local foundations, individuals, corporate sponsors, and a smaller number of local events. Based on a decade of experience from both outlets, AJP’s vision for a sustainable nonprofit business model for the future is generally to raise 30% to 40% of annual revenue from each of three sources: audience (individual members and event attendance), philanthropy foundations and major donors), and corporations (event and product sponsorships).

The philanthropic sector can and should play a bigger role in local civic journalism. While U.S. foundations poured \$2.1 billion into arts and culture in 2012, [investigative reporting](#) got just \$36.1 million.<sup>47</sup> There is much room for Colorado foundations to grow, in this sense; local and state nonprofit news organizations received only about 5% of a total \$1.8 billion in foundation [grantmaking](#) in journalism between 2010 and 2015, according to a recent Harvard University analysis of U.S. journalism grantmaking.<sup>48</sup> The lion’s share of journalism philanthropy is still concentrated at the national level and goes to a small number of news outlets and universities.

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*Public support can add another slice to the revenue pie for Colorado’s local news outlets – especially when targeted to spur business innovation or address the information needs of rural or underserved communities.*

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Colorado Media Project leaders believe that public funding can add another slice to the revenue pie for local journalism and help inject innovation into the industry. Public support can also help ensure that public service journalism exists and expands in communities without the individual philanthropic member or subscriber base required for other

models. We see a collaborative ecosystem emerging in Colorado that we believe can provide a new model for a “value network” of local civic news organizations working in the public interest.

In Colorado, we already see public media outlets stepping up to fill the void in local news production by taking on more significant backbone roles for the entire journalism ecosystem. Currently, Colorado Public Radio (CPR) employs the only reporter covering the Colorado delegation in the U.S. Congress and is the only Colorado newsroom with significant growth plans, aiming to employ a force of 70 reporters by the end of 2020. CPR

recently [acquired Denverite](#), a digital-only news source covering city politics, community issues, and culture.<sup>49</sup> CPR is also expanding its partnerships with community-owned radio stations, pursuing collaborations in ways that nurture local talent. Meanwhile, KUNC in Northern Colorado and KRCC in Colorado Springs have [teamed up](#) with four other Western radio stations to form the Mountain West Journalism Collaborative to expand and coordinate coverage of land, water, agriculture, and growth in the expanding West, including the rural-urban divide.<sup>50</sup> Rocky Mountain Community Radio [Coalition](#) is a long-running collaboration among 18 community radio stations that pool funds to underwrite a KUNC reporter at the state Capitol who covers local issues and elected officials on members’ behalf.<sup>51</sup>

<sup>46</sup> “Nonprofit news outlets aren’t relying as heavily on foundations, but journalism philanthropy continues to grow,” NiemanLab, September 2019, <https://www.niemanlab.org/2019/09/nonprofit-news-outlets-arent-relying-as-heavily-on-foundations-but-journalism-philanthropy-continues-to-grow/>.

<sup>47</sup> “The crisis in local journalism has become a crisis in democracy,” The Washington Post, April 11, 2018, [https://www.washingtonpost.com/opinions/the-crisis-in-journalism-has-become-a-crisis-of-democracy/2018/04/11/a908d5fc-2d64-11e8-8688-e053ba58f1e4\\_story.html](https://www.washingtonpost.com/opinions/the-crisis-in-journalism-has-become-a-crisis-of-democracy/2018/04/11/a908d5fc-2d64-11e8-8688-e053ba58f1e4_story.html).

<sup>48</sup> “Funding the News: Foundations and Nonprofit Media,” Shorenstein Center, Harvard University, June 18, 2018, <https://shorensteincenter.org/funding-the-news-foundations-and-nonprofit-media/>.

<sup>49</sup> “Colorado Public Radio Acquires News Website Denverite,” Colorado Public Radio, March 2019, <https://www.cpr.org/2019/03/06/colorado-public-radio-acquires-news-website-denverite/>.

<sup>50</sup> “Six stations team up for journalism collaborative covering Western U.S.,” Current, September 2017, <https://current.org/2017/09/six-stations-team-up-for-journalism-collaborative-covering-western-u-s/>.

<sup>51</sup> Rocky Mountain Community Radio, <https://rockymtnradio.wordpress.com>.



Colorado Media Project Director Nancy Watzman presenting on arts and culture listening project. (Colorado Media Project)

## Opening in 2020: COLab

The shared newsroom in downtown Denver will involve partners including:

- The Associated Press
- Chalkbeat Colorado
- Colorado Freedom of Information Coalition
- The Colorado Independent
- Colorado Media Project
- Colorado Press Association
- The Colorado Sun
- KGNU Community Radio
- Open Media Foundation
- Rocky Mountain PBS

Rocky Mountain PBS is building a new facility in downtown Denver that includes a collaborative newsroom, known as COLab, on its third floor. In spring 2020, at least 10 media entities – the Associated Press, Chalkbeat Colorado, the Colorado Freedom of Information Coalition, the Colorado Independent, the Colorado Sun, the Colorado Media Project, the Colorado Press Association (representing nearly 150 print newsrooms statewide, and two online-only outlets), KGNU Community Radio, RMPM’s investigative news team, and Open Media Foundation – plan to participate in the COLab and are already developing new ways to work together to benefit Colorado communities. COLab partners, all mission-driven nonprofit organizations and public benefit businesses, are committed to working with existing newsrooms throughout Colorado to better serve communities beyond the Front Range.

The Colorado Sun also has emerged as a promising model for statewide news coverage. The digital-only newsroom launched in September 2018, when 10 Denver Post reporters and editors left the newspaper following a deep round of layoffs that had inspired the paper’s editorial board to mutiny the previous spring. After just a year of publication, the [Sun](#) has published more than 1,600 news articles, including more than 450 from locations outside the Front Range. It has earned financial support from nearly 6,000 paying members – which currently provides 40% of the outlet’s revenue – sends daily newsletter updates to nearly 40,000 subscribers, and has racked up more than 6.2 million page views from 2.7 million unique visitors.<sup>52</sup>

A research team from the University of Colorado Boulder’s Media Enterprise Design Lab recently [evaluated](#) the Sun’s impact as a public benefit corporation and concluded: “The Sun’s achievement of its stated benefit purpose was remarkable... Public Benefit Corporation status is an emerging strategy for better reflecting the dual role of journalism as a public service and a business. It may help to protect local news from the profit-seeking, outside interests that have dominated newsrooms in Colorado and throughout the country.”<sup>53</sup>

A growing number of nonprofit newsrooms operate in Colorado, from High Country News, a nationally distributed print and digital magazine that celebrates its 50th year of operation in 2020, to Aspen Journalism, which specializes in in-depth coverage of water and environmental issues, to the all-volunteer Longmont Observer, which live webcasts city council meetings, hosts community forums to vet local candidates and supports local residents producing their own podcasts. A 2018 Colorado Media Project study of the state’s nonprofit digital-native news [outlets](#) found that this emerging field would benefit from more start-up support, more focus on revenue generation and diversification of partnerships to increase reach, and more attention to recruitment and retention of journalists of color.<sup>54</sup> The study concluded that the sector is a bright spot but severely under-resourced, an area ripe for local investment and talent development of local entrepreneurs, especially beyond the Denver metro area.

<sup>52</sup> The Colorado Sun Annual Report, September 2019, <https://coloradosun.com/annualreport/>.

<sup>53</sup> How MEDLab Evaluated the Colorado Sun’s Public Benefit, <https://cmci.colorado.edu/medlab/assets/SunEval-2019.pdf>.

<sup>54</sup> Colorado’s Nonprofit and Digital Media Landscape: 2018 Benchmark Report, <https://coloradomediaproject.com/blog/2018/9/22/colorados-digital-and-nonprofit-media-landscape-2018-benchmark-report>.





What is the unique value proposition emerging in Colorado? Mission-driven newsrooms operating as a network in collaboration with commercial media may provide a new model to sustain a diverse array of voices, communities, geographical areas, and coverage topics in local media. However, a significant shift in thinking among local residents, local philanthropists, local officials, and local newsrooms themselves is required to reach a future where community interests are driving the metamorphosis. The industry is still very much in transition, and stimulation, innovation, and reinvention will take investment from the public, private, and philanthropic sectors. New models and pathways are emerging for public support of local journalism:

- In July 2018 [New Jersey](#) passed a Civic Information Bill creating a state-level fund to seed innovation and transformation of local news, overseen by an appointed 15-member Civic Info Consortium board of academics and journalists. In 2019, the state legislature allocated up to \$2 million to seed the fund, with bipartisan support.<sup>55</sup>
- In 2019 Canada passed a [\\$595 million, 5-year package](#) to support commercial and noncommercial journalism through tax incentives.<sup>56</sup>
- Civic leaders and citizens in Longmont are exploring whether the state’s [Library District framework](#) can be used to support nonpartisan local news<sup>57</sup>, while libraries nationwide are already taking on [new roles to support strong, informed communities](#).<sup>58</sup>
- In the U.S. Congress, [lawmakers have introduced legislation](#) aimed at making it easier for media outlets to gain nonprofit status and to work together to negotiate financial deals with businesses that have gobbled up local advertising revenue.<sup>59</sup>



*Chalkbeat Colorado reporter Melanie Asmar (front row) during a packed bargaining session with the Denver Classroom Teachers Association. (Michael Ciaglo/Special to the Denver Post)*

An [October 2019 report](#) from the Australian Competition and Consumer Commission ([ACCC](#)) examined nine countries – the United Kingdom, United States, Canada, France, Germany, Norway, Denmark, Sweden, and Finland – and concluded that while there is no single “right way” to provide government support for journalism, a variety of “useful schemes... can deliver effective outcomes, value for money, accountability and independence from government.” Quoting the report, a common “tool kit” of measures has emerged, which includes:

- **“Indirect support:** For example, a range of tax reliefs and exemptions that reduce costs to news providers and/or encourage higher consumption of news products and services.
- **Direct support:** For example, direct grants that support various types of news production, marketing, and distribution or long-established public funding of public service media, such as the BBC.
- **Encouraging philanthropic support:** For example, government support for private donations to support news provision.”<sup>60</sup>

<sup>55</sup> “News From Your Neighborhood, Brought to You by the State of New Jersey,” <https://www.nytimes.com/2018/07/30/nyregion/nj-legislature-community-journalism.html>.

<sup>56</sup> “Budget gives go-ahead, and more details, for journalism funding,” Public Policy Forum, <https://ppforum.ca/articles/budget-gives-go-ahead-and-more-details-for-journalism-funding/>.

<sup>57</sup> “Should a Colorado library publish local news?” Columbia Journalism Review, May 10, 2019, [https://www.cjr.org/united\\_states\\_project/longmont-information-district-library.php](https://www.cjr.org/united_states_project/longmont-information-district-library.php).

<sup>58</sup> “Journalism and Libraries: Both Exist to Support Strong, Well-informed Communities,” NeimanReports, June 2019, <https://neimanreports.org/articles/journalism-and-libraries-both-exist-to-support-strong-well-informed-communities/>.

<sup>59</sup> “Two new bills in Congress propose a helping hand for a hurting industry,” Columbia Journalism Review, April 2019, <https://www.cjr.org/politics/congress-bills-support-local-news.php>.

<sup>60</sup> Foster, Robin and Bunting, Mark. “Public Funding of High-Quality Journalism: A Report for the Australian Competition and Consumer Commission,” October 2019. <https://www.accc.gov.au/system/files/ACCC%20commissioned%20report%20-%20Public%20funding%20of%20high-quality%20journalism%20-%20phase%201%2C%20Communications%20Chambers.PDF>.



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

The ACCC report also **concluded** that “while some have expressed concern that public funding of this sort might compromise the independence of the press, measures have been designed in various countries to address this risk, including:

- clearly specified objectives for funding each scheme;
- use of independent bodies to oversee the scheme(s) – for example, with an independent board or panel of journalists, as exists in Sweden and as proposed in Canada;
- transparent and clear criteria for determining eligibility for funding and for allocation of funds;
- periodic reviews of funding and evaluation of its impact.”<sup>61</sup>

Applying lessons from these models to Colorado’s state and local media landscape is uncharted territory. But as scores of local news outlets fade and state and local civic leaders face growing news deserts, public and philanthropic funding are becoming bigger slices of the revenue pie for independent local news and information. To prevent the spread of news deserts and misinformation in Colorado, the state’s residents are going to need to consider new ways to support local journalism that leads to civic engagement and strengthens our democracy.

<sup>61</sup> “Foster, Robin and Bunting, Mark. “Public Funding of High-Quality Journalism: A Report for the Australian Competition and Consumer Commission,” October 2019. <https://www.accc.gov.au/system/files/ACCC%20commissioned%20report%20-%20Public%20funding%20of%20high-quality%20journalism%20-%20phase%201%2C%20Communications%20Chambers.PDF>.



**IDEA**

**Empower local communities and voters to raise local revenues to meet local information needs, within a governance structure that maximizes community participation, protects freedom of speech, ensures inclusivity, and prevents direct and indirect influence from any governmental body, department, or official as well as private individuals and businesses.**

**PRECEDENTS:** The idea for creating information districts to promote participatory media and civic engagement to meet local news and information needs was developed by the [Community Information Cooperative \(CIC\)](#), a nonprofit based in New Jersey whose mission is to democratize journalism and media. Information districts are conceived as structurally the same as other special districts that are locally created to fund essential public services, such as ambulance, fire protection, or sanitation.<sup>62</sup>

Colorado statutes establish the legal process for creating, operating, and overseeing special districts. Currently there are 12 categories of special districts into which sponsors can fit their proposed special district. None is designed to provide local news and information.

In 2019, state lawmakers passed legislation adding Early Childcare Development to the list of special districts in Colorado. State law now provides a process and guidelines for local municipalities or regions to join together to form one of these districts and raise local taxes to increase quality child care options. Advocates who requested the enabling legislation argued that the local markets for providing quality child care have failed in many communities throughout Colorado, so the special district framework allows larger regions to band together to offer subsidies and incentives for such services.<sup>63</sup>

The [Scientific and Cultural Facilities District \(SCFD\)](#) that supports arts organizations in the Denver metro area is an example of a Special Statutory District. These types of districts are unique, and the statutes describe exactly how they are to be created, the boundaries for each, how they are to be overseen, and their functions. In the case of the SCFD, Denver-area voters spanning seven counties voted to levy a 1/10 of 1% sales and use tax to support local arts organizations, from major cultural institutions to small community groups. Funds are administered by an appointed board with representatives from all regions using a formula that takes into account each arts organization’s budget and audience size. Since 1989, the SCFD has distributed approximately \$50 million annually to metro-area arts organizations, concluding that “funding on that scale, delivered to a local area, makes a profound impact.”<sup>64</sup>

**HOW IT COULD WORK IN COLORADO:** Legislators could create a unique special district framework to establish governance and fund use requirements specifically designed to support the production of independent local journalism and civic information.

This new type of special district could both enable and provide a cohesive framework for local municipalities that wish to direct public funds toward sustaining independent local journalism and civic information while protecting the First Amendment.

Local voters and/or governments would then have the option of establishing Local News and Information Special Districts that levy taxes for these services. Funds could be managed by the local district to provide direct services and/or distributed to independent entities via formula allocation and/or competitive grants. Governing boards could be directly elected by the people within the district or appointed by local officials if the district includes multiple jurisdictions, if the authorizing petition allows.

Even without a special district framework, local governments could bolster independent local news through small business grant programs. Local governments could also [modernize](#) their public information programs, which are often funded by 5% franchise fees charged to cable providers, by engaging new and existing local media outlets, libraries, and higher education institutions to provide special services to meet community needs.<sup>65</sup> While these options would be at the discretion of local officials and not create protected funding streams for local news, they are still viable pathways for directing public support to this vital business sector.

**CONSIDERATIONS:** While the special district idea reflects a ground-up approach to meeting community information needs, the CMP working group noted that it’s a solution more likely to gain traction in more affluent communities with the inclination to raise local taxes for special services. For this reason, the working group recommends pairing this ground-up approach with a state-level fund to spur innovation in the sector and incentivize more coverage in lower-income and underrepresented communities most affected by news deserts. Our next proposal captures this idea in addition to specific considerations around governance, eligibility, and funding priorities.

<sup>62</sup> The Community Info Coop works with people to design and sustain publicly funded, community-led journalism, <https://www.infodistricts.org/>.

<sup>63</sup> “Colorado House Bill 19-1052: Early Childhood Development Special District,” Colorado General Assembly, <https://leg.colorado.gov/bills/hb19-1052>.

<sup>64</sup> Scientific and Cultural Facilities District, <https://scfd.org/>

<sup>65</sup> “From Denver to Durango, Public-Access TV Channels Still Face Budget Threat After FCC Decision,” The Colorado Sun, August 2019, <https://coloradosun.com/2019/08/05/fcc-exempts-public-access-channels-from-cable-tv-fee-cap-for-now/>.



**IDEA**

Create and fund a state-level, public-private partnership to stimulate local media innovation, develop new business models, and increase the quantity and quality of independent, public service journalism and civic engagement in Colorado communities. This effort should pay special attention to news deserts, including underserved low-income, rural, and racial and ethnic communities. An independent body could award grants directly to Colorado outlets or collaborations that evolve the sector in ways that are 1) more sustainable, 2) more collaborative, and 3) more responsive to the civic news and information needs of Coloradans statewide.

**PRECEDENTS:** In 2018, a large bipartisan majority in the New Jersey legislature established the NJ Civic Information Consortium, a state-level, independent nonprofit that distributes public funds via grants to a diverse range of independent local news outlets, civic tech projects, and news literacy programs, with a mandate to meet the evolving information needs of New Jersey’s underserved communities. In July 2019, Gov. Phil Murphy approved up to \$2 million in funding for the [NJ Civic Information Consortium](#), which is overseen by an independent staff and governing board involving local universities, professional journalists, and others.<sup>66</sup>

It is important to note that currently, Colorado is one of only 15 U.S. states that does not provide state funding to support local independent public media outlets, which together are overwhelmingly America’s most [trusted](#) news sources.<sup>67</sup> Of the states that do provide [funding](#) for public media, annual allocations average \$7.9 million, or \$1.75 per adult resident.<sup>68</sup> Many states have set up independent, nonprofit entities with appointed governing boards to oversee distributions to qualified newsrooms. Some grants are formulaic, based on the number of residents the newsroom reaches with its content, and some grants are discretionary, to reach underserved communities, communities of color, or communities hit hardest by the decline of independent local news.

Even with these allocations, government funds are not the primary revenue source for local public media. For every \$1 of federal funding via the Corporation for Public Broadcasting, local public newsrooms raise more than \$6 from other [sources](#), including state and local governments, philanthropic foundations, private businesses, and universities.<sup>69</sup> The diversity of public

Colorado is one of only 15 states that does not provide state funding to support independent public media. Of the states that do, annual allocations average \$7.9 million – or \$1.75 per adult resident.

media revenue streams allows local newsrooms to maintain strong editorial independence, as they are not over-reliant on any one source.

**HOW IT COULD WORK IN COLORADO:** Public funding for nonpartisan educational public media is commonplace nationwide. Colorado could modernize this concept by following in New Jersey’s footsteps, targeting public funds to stimulate innovation in local media organizations of all

types, foster newsroom collaboration in the public interest, and prioritize underserved communities. To galvanize focus on these goals, the legislature could create an initiative within an existing agency such as the Office of Economic Development and International Trade (OEDIT) or the Department of Local Affairs (DOLA), or through the creation of a statewide special information district modeled on the Scientific and Cultural Facilities District (SCFD), described above. The new departmental program or special district could develop a competitive grant program, with funding decisions made by an independent panel of judges consisting of community members and industry experts, similar to [OEDIT’s Rural Technical Assistance Program](#)<sup>70</sup> or [DOLA’s Main Street Program](#).<sup>71</sup>

Such a program could leverage private funds from local and national philanthropy. In 2018, Colorado’s philanthropic and community leaders created the Colorado Media Project (CMP), dedicated to stimulating

<sup>66</sup> “Why the Civic Info Consortium Is Such a Huge Deal,” Free Press/News Voices, August 2019, <https://www.freepress.net/our-response/expert-analysis/insights-opinions/why-civic-info-consortium-such-huge-deal>.

<sup>67</sup> “These are the most — and the least — trusted news sources in the U.S.,” MarketWatch, August 2018, <https://www.marketwatch.com/story/these-are-the-most-and-the-least-trusted-news-sources-in-the-us-2017-08-03>.

<sup>68</sup> “Our guide to state funding for public media,” Current, 2019, <https://current.org/state-funding-guide/>.

<sup>69</sup> The Corporation for Public Broadcasting is an independent nonprofit that the U.S. Congress established in 1964 to provide universal access to high-quality educational programming in the United States, especially to underserved audiences. CPB does not produce programming and does not own, operate, or control any public broadcasting stations. Instead, federal funds allocated by Congress to CPB provide foundational operating support and competitive grants to independent, nonprofit local stations that are governed by locally selected board members. Local PBS and NPR stations are beneficiaries. <https://www.cpb.org/aboutpb/what-public-media>

<sup>70</sup> Rural Technical Assistance Program, Colorado Office of Economic Development and International Trade, <https://choosecolorado.com/programs-initiatives/rural-technical-assistance-program/>.

<sup>71</sup> Colorado Main Street, Department of Local Affairs, <https://www.colorado.gov/pacific/dola/main-street-story>.



research into the issues surrounding the decline in local news and making recommendations for the future. Nearly \$2 million in private funds has been raised to date toward the CMP’s objectives to strengthen capacity, collaboration, and community engagement in local news. As examples, a coordinated, public-private local news and innovation partnership could incentivize:

- News collaborations that develop efficiencies and new ways of doing business that prioritize the civic information needs of Colorado communities.
- New business models that diversify funding streams and address the spread of news deserts.
- Production of independent, educational (non-editorialized) coverage of topics critical to Colorado’s future, e.g., education, business, natural resources, etc.
- More coverage in rural news deserts where little or no independent news sources currently exist.
- More coverage of underrepresented communities and more collaboration between non-English or ethnic media and mainstream media.
- Innovations in public engagement that create feedback loops between journalists and communities and help set priorities for local news coverage.
- Training for students, professionals, and other community members – particularly underrepresented groups – in journalism, storytelling, and media production.

**CONSIDERATIONS:** The specific goals for funding, eligibility of applicants, and makeup of the governing body are areas for further exploration, and the CMP recommends a robust, statewide community engagement process to gather input from local residents.

For any governing body distributing public funds for local civic journalism and local news, these guiding principles should be prioritized:

- **Protect freedom and independence of the press:** Government officials should play no role in determining which entity receives support, and the governing body should avoid both direct and indirect/undue influence from any governmental body, department, or official; political party; private individual; or business.
- **Protect free speech:** Governance should maximize community participation and support many voices being heard – especially those from underrepresented communities – and avoid political polarization.

For determining eligibility criteria for outlets and priorities for project funding, we recommend these guidelines<sup>72</sup>:

- Prioritize outlets or projects that produce educational, fact-based, non-editorialized, original reporting on local, regional, and statewide issues of community concern.
- Prioritize outlets or projects that demonstrate a strong level of community commitment, as demonstrated by reinvesting profits in local communities and sustaining a robust workforce of local reporters.
- Prioritize outlets or projects that maintain and enforce strong policies for professional practices, minimizing harm, editorial independence, donor and advertiser transparency, conflict of interest, data collection, and privacy.
- Prioritize projects that benefit the public in four areas:
  - Encourage positive civic engagement.
  - Hold government officials accountable.
  - Expand the diversity of opinion available to the public.
  - Promote diversity, equity, and inclusion.

<sup>72</sup> These suggestions draw from professional membership criteria for journalism organizations such as the Society of Professional Journalists (<https://www.spj.org/ethicscode.asp>) and the Institute for Nonprofit News (<https://inn.org/for-members/ethics/>), as well as eligibility guidelines for the \$595 million tax package passed by the Canadian government to stimulate the local news industry.



## IDEA

Develop programs that help commercial media outlets convert to employee or audience ownership, nonprofit or public benefit corporations, and other mission-driven models and provide state tax incentives for owners who donate community news assets and seed philanthropic trusts to meet local civic information needs.

**PRECEDENTS:** There are currently 151 newspapers operating in Colorado. At least 44 of these outlets have owners who are approaching retirement age and may be or will be looking to sell their papers and exit the business, according to a Colorado Press Association estimate. Combined, these “newspapers in transition” currently provide more than 460,000 Coloradans with local news, and many are important sources for independent local news in their communities. Helping these owners navigate this time of transition in a way that allows them to divest their assets while also ensuring that new owners and business models match their civic purpose could help strengthen local newsrooms’ community connection and reduce the pressure for profitability. Likewise, helping new and existing local media businesses attain B Corps certification or nonprofit status could be ways to open up new revenue streams, if ongoing local community support is present.

There are almost 150 [employee-owned](#) businesses in Colorado, including the Colorado Sun, New Belgium Brewing Company, and Alpine Banks of Colorado. Employee ownership gives workers a stake in the success of their own company, which numerous studies have shown can lead to greater productivity, higher profitability, and increased revenue.<sup>73</sup> Many varied use cases exist for using Employee Stock Option Programs (ESOPs) to [facilitate](#) business transitions and succession planning; for news businesses with a bottom line still in the black, this could be a potentially viable pathway to transition to or remain in local ownership.<sup>74</sup> Under this approach, owners could receive payment for assets that are converted to employee ownership, while employees could continue to operate the newspaper as its owners and share in any profits generated.

In addition to being owned and operated by journalists, the Colorado Sun has become a [Certified B Corporation](#). More than 3,000 companies in 64 countries have attained this privately awarded certification for for-profit businesses that “are legally required to consider the

impact of their decisions on their workers, customers, suppliers, community, and the environment.”<sup>75</sup> The Sun’s recent annual report details more than a dozen examples of how the outlet has produced a public benefit in its first year of operation, which as a B Corp it is now required to do under Colorado law.

Taking it a step further, more than 230 U.S. newsrooms currently operate as nonprofit organizations, including six Colorado members of the Institute for Nonprofit News. These newsrooms reduce the taxes they pay, qualify for foundation grants and other charitable contributions, and solicit community support for their operations. Being structured as a public charity can create a sense of community ownership and reciprocal buy-in from residents and local businesses, who in turn can receive tax deductions for charitable donations to these newsrooms.

Recently, federal legislation has been introduced to make it easier for for-profit news producers to convert to nonprofit status. Entitled the Saving Local News Act of 2019 ([HR 3126](#)), this bill would make publication of news articles, including electronic publication, an eligible nonprofit function under 501c3 of the tax code, exempt advertising revenue from taxation for local news organizations, and require the Internal Revenue Service (IRS) to rule on applications for nonprofit status by local news organizations within 12 months.<sup>76</sup> Meanwhile, the [Salt Lake Tribune](#) in Utah is awaiting a decision from the IRS on its application to become a nonprofit.<sup>77</sup>

Donating media assets is another way owners can ensure the community continues to benefit from local news. In 2009, Randy Miller [donated](#) the Silverton Standard and Miner to the San Juan County Historical Society when he was unable to find a buyer. In order to keep the newspaper going, the historical society had to be sure it could raise the \$3,500 per month including staff needed to operate the outlet.<sup>78</sup>

This is similar to what the owners of Philadelphia’s Inquirer, Daily News, and Philly.com website did by donating the properties to the [Lenfest Institute](#) for

<sup>73</sup> “Research on Employee Ownership,” National Center for Employee Ownership, <https://www.nceo.org/article/research-employee-ownership> and Colorado Employee Owned Companies, Rocky Mountain Employee Ownership Center, <http://www.rmeoc.org/become-employee-owned/colorado-employee-owned/>

<sup>74</sup> “The Origin and History of the ESOP and Its Future Role as a Business Succession Tool,” The Menke Group, <https://www.menke.com/esop-archives/the-origin-and-history-of-the-esop-and-its-future-role-as-a-business-succession-tool/>.

<sup>75</sup> Certified B Corporation, <https://bcorporation.net/>.

<sup>76</sup> H.R. 3126, Saving Local News Act of 2019, Govtrack, <https://www.govtrack.us/congress/bills/116/hr3126>.

<sup>77</sup> “Salt Lake Tribune seeks to become a nonprofit asset, a first for a legacy newspaper,” The Salt Lake Tribune, May 7, 2019, <https://www.sltrib.com/news/2019/05/08/salt-lake-tribune-seeks/>.

<sup>78</sup> “Tiny Weekly Digs Deep, Strikes Hope,” The Denver Post, May 2009, <https://www.denverpost.com/2009/05/01/tiny-weekly-digs-deep-strikes-hope/>.

<sup>79</sup> Lenfest Institute: About Us, <https://www.lenfestinstitute.org/about/>.



Journalism, a nonprofit foundation under federal law, which is operating them. In addition to the assets, the owner donated funds to help cover their long-term operating costs. While the papers and website remain for-profit public benefit corporations, the institute is a nonprofit.<sup>79</sup>

**HOW IT COULD WORK IN COLORADO:** Transitioning local newspapers to mission-driven models could increase community engagement and investment, inspire new leadership, and bolster sustainability. In October 2019, the Knight Foundation published a useful new guide for newspaper owners considering nonprofit conversions or other ways to engage with philanthropy, based on models emerging from Salt Lake, Philadelphia, and elsewhere. The report noted: “While these models all involve relatively large local news entities, there are examples of smaller local newspapers as well as national chains taking similar steps. Owners who explore these pathways will be helping to chart evolving territory with the IRS, which has shown favorable signs toward new kinds of proposals.”<sup>80</sup>

In 2017, Colorado enacted legislation to help companies convert businesses to employee ownership by providing technical assistance and authorizing a revolving loan fund. OEDIT houses this program, which could be leveraged to help owners of local news outlets explore their options for converting to employee ownership.<sup>81</sup>

Coloradans could encourage our congressional delegation to support passage of the federal Saving Local News Act of 2019, which would make it easier for news organizations to convert to nonprofit status and exempt their advertising revenue from taxation. However, the Colorado Media Project recommends that federal legislators require commercial outlets seeking nonprofit conversion to adopt governance structures that demonstrate community support and ensure continual public benefit. For example, businesses converting to nonprofit status could be required to appoint and maintain a local governing board that consists of at least 50% local community members.

The Colorado legislature could also create incentives for owners to donate their newspapers, brands, properties, or other local news assets to a community foundation or nonprofit entity that would operate it for a specified time, such as 10 or 15 years. This model is based on the conservation easement program used by Colorado and other states to encourage owners of environmentally valuable property to donate it to a land trust as a way of preserving it. Like the state’s Conservation Easement Program, the media sustainability program could provide tax incentives and technical assistance to help owners work through the requirements for their donation.

OEDIT could provide technical assistance and oversee this process, much like it does under the ESOP law.

Another approach could have the state provide tax or other incentives for local owners who donate media assets to a community foundation or nonprofit entity set up to run the newsroom, using revenues generated to cover the cost of operations.

Meanwhile, OEDIT, the Rocky Mountain Employee Ownership Center (a nonprofit advocating for employee ownership), and other experts could reach out to local newspaper owners to explain the value of converting to employee ownership and describe the resources available to help them work through the process. They could provide a template or other resources to help owners understand the trade-offs and how to make the conversion.

In addition, OEDIT could work with the Colorado Media Project, Colorado Press Association, and university journalism schools to provide newspaper owners with information and training on modernizing operations. Focus areas could be diversification of revenue streams, adoption of digital best practices, and other innovative approaches to modernizing their businesses. These efforts are similar to economic development assistance that OEDIT and the state provide to firms in other industries.

**CONSIDERATIONS:** Changing ownership structure or tax status could help local commercial newsrooms reduce the pressure for profitability. But as the Knight Foundation guide notes, “a business plan is still essential in part because the size and scale of most local newspapers is large and complex, and also because of IRS rules do not allow nonprofit ownership to exist for the sole purpose of helping subsidize a money-losing, for-profit operation. Regardless of the structure, a local news company is still obligated to find long-term sustainable revenue streams.

It is important that any nonprofit created as a result of a for-profit conversion be overseen by a governing board composed of local people who represent all aspects of the community and are dedicated to ensuring that the newsroom effectively covers local issues.

The conversion of for-profit papers to nonprofits and the creation of a conservation easement type program for local news producers are complicated undertakings that involve both state and federal law. Successfully completing them would require working with Colorado’s federal officials as well as state and local leaders. While difficult, these approaches provide the potential for large long-term payoffs.

<sup>80</sup> “Philanthropic Options for Newspaper Owners: A Practical Guide,” Knight Foundation, October 2019. <http://www.kf.org/nonprofitnews>

<sup>81</sup> “Colorado House Bill 17-1214: Concerning Efforts to Encourage Employee Ownership of the State’s Existing Small Businesses,” Colorado General Assembly, [http://leg.colorado.gov/sites/default/files/2017a\\_1214\\_signed.pdf](http://leg.colorado.gov/sites/default/files/2017a_1214_signed.pdf).



## IDEA

Increase support for libraries and higher education to help meet basic community news and information needs, as these existing institutions are well positioned to play new roles, particularly in news deserts, where no independent local media exist. Broadcasting or documenting civic meetings, convening civic conversations, making local government data more accessible and useful for local citizens and journalists, and training students and community members to report local news and share their own stories are all roles that local libraries and higher education institutions could take on, with a bit of vision and funding.

**PRECEDENTS:** There are numerous examples in Colorado and throughout the U.S. where libraries and higher education are taking on innovative roles related to producing, publishing, and partnering with local news. These include:

- The city council in Longmont, Colorado, has ordered a feasibility study to determine what role the [local library](#) might play in addressing the growing region's 21st century information needs. Community input will determine the focus and scope of the vision, but it could include partnerships with the local public access cable television station, other local news outlets, and/or city information services.<sup>82</sup>
- The library in Weare, New Hampshire, produces and publishes [Weare in the World](#), a weekly publication that is intended to replace the local newspaper that shut down, leaving the town with no local news outlets.<sup>83</sup>
- In Kansas City, Missouri, and Dallas, local newspapers are partnering with [local libraries](#) to engage with members of the community, train young people and others in the basics of journalism, help residents learn more about their communities, and teach news literacy.<sup>84</sup>
- At the University of Colorado Boulder, faculty member Chuck Plunkett (former editorial page editor for the Denver Post) recently took the helm at [CU News Corps](#), which has worked with the Colorado Sun to report stories for publication.<sup>85</sup>
- A technology development company run by students from the University of Denver led the design thinking workshops, empathy interviews, web app development, beta testing, and report writing for the Colorado Media Project's 2018 summer of research.

- In September 2019, the University of Denver and Colorado Media Project, along with other supporting organizations, hosted the [Colorado Migrahack](#), a two-day hackathon bringing together journalists, developers and data specialists, community members, advocates, and students and professors to develop data-based storytelling on immigration.<sup>86</sup> In November 2019, CMP will welcome First Draft News for a daylong workshop at the University of Denver that will train reporters in techniques to track and debunk viral online disinformation.
- The University of California at Berkeley created a nonprofit [production company](#) affiliated with the university where students, with faculty oversight, work on long-form documentaries on investigative journalism topics.<sup>87</sup>

**HOW IT COULD WORK IN COLORADO:** Local leaders or residents concerned about a lack of local news in their community could meet with library staff and board members to assess their interest in addressing the issue. If the library is open to embracing an expanded role, advocates could gather community support to raise funds via redirecting existing municipal budgets or a new local tax to support the expanded library services and/or formation of an independent library district.

Colorado's institutions of higher education could consider a range of ideas for directly addressing capacity gaps and innovation opportunities with local newsrooms:

- Colorado's colleges and universities could formalize a consortium dedicated to re-invigorating local news, with participation from faculty members across various disciplines. Colorado Media Project has been involved in starting these conversations, and local journalism faculty leaders are engaged in a number of efforts described above.

<sup>82</sup> "Public Libraries May Turn the Page for Colorado City's News Deserts," NPR, September 19, 2019, <https://www.npr.org/2019/09/19/759840338/public-libraries-may-turn-the-page-for-colorado-citys-news-desert>.

<sup>83</sup> Weare New Hampshire Public Library, <https://wearepl.wordpress.com/weare-in-the-world/>.

<sup>84</sup> "Journalism and Libraries: Both Exist to Support Strong, Well-Informed Communities," <https://nimanreports.org/articles/journalism-and-libraries-both-exist-to-support-strong-well-informed-communities/>.

<sup>85</sup> CU News Corps, <https://cunewscorps.com/>.

<sup>86</sup> "Making historic connections at Migrahack," Colorado Media Project, September 13, 2019, <https://coloradomediaproject.com/blog/2019/9/13/making-historic-connections-at-migrahack>.

<sup>87</sup> Investigative Studios, University of California at Berkeley, <https://www.investigativestudios.org/>.





- Students and faculty will have a center of gravity to engage with local media via COLab, the collaborative newsroom emerging at Rocky Mountain Public Media. A wide range of needs, opportunities, and projects will likely emerge, both from COLab partners and from affiliated newsrooms throughout the state. Colorado colleges and universities could create internships and fellowships that could bring students and faculty together to educate students through opportunities to work directly on projects serving newsrooms throughout the state.
- Universities can become a resource for news organizations by providing digital, web development, analytic, virtual and augmented reality applications, and other specialty services that can enhance data-based reporting, which individual newsrooms often lack. This includes tools to collect newsworthy data for analysis, data archives, tools and templates to create data visualizations, and more.
- College news writing courses could become opportunities for students to cover beats and stories, with assignments coming from newsrooms and editing/oversight by faculty members.
- To address the lack of coverage in non-Front Range communities or target news deserts, faculty members could lead groups of students on short-term assignments on location – the University of Denver calls these “travel courses.” This approach would require sensitivity to work closely with local communities to understand and respect the information needs and priorities of these communities.
- Community colleges or libraries could replicate the [City Bureau’s documenters program](#), which trains engaged local residents to document public meetings. These notes could become resources for local journalists and the public.<sup>88</sup>
- Colorado’s journalism faculty could partner with business and technology faculty to recruit more business-minded students into the field of journalism to fill jobs of the future, including finance, marketing, and fundraising.

**CONSIDERATIONS:** Although there are examples of libraries in some areas producing and publishing local news, few would be willing to undertake these tasks without additional funding sources or incentives and/or community organizing to request such services. Likewise, while there are many interesting journalism classes and projects ongoing in Colorado’s colleges and universities, few are specifically designed to positively impact the crisis in local news. In both of these existing institutions, opportunity is ripe for innovative exploration, which could be propelled by seed funding and incentives provided by the state, local municipalities, or philanthropy.

There has been some conversation recently in Colorado about using existing library district law to establish a designated funding stream for local news. Currently, more than half of Colorado’s libraries operate within library districts, and residents who wish to place a library district issue on a local ballot may do so by gathering 100 signatures from residents within the proposed district.<sup>89</sup> This is seen as an expedient way for local residents both to increase the independence of local libraries and to secure dedicated funding streams for all library services. The only caveat we have for adding local news to the menu of library services relates to governance. Currently, Colorado state law requires local government officials to approve library district board members. Because many library districts are contained within one municipality, this governance structure has the potential to limit the independence of a newsroom operating within a library.

For local communities seeking ways to directly sustain independent “accountability” journalism, the CMP recommends creating a new type of special district that specifically protects local news independence from government interference via a governing board elected directly by residents of the district. Alternatively, the state legislature could amend the library district statute to allow governing boards to be directly elected by constituents, an idea that was proposed but not advanced in the 2019 legislative session.<sup>90</sup>

<sup>88</sup> “Documenters,” City Bureau <https://www.citybureau.org/documenters>.

<sup>89</sup> “Colorado Library Law,” Colorado Department of Education <https://www.cde.state.co.us/cdelib/librarylaw/index>.

<sup>90</sup> “Colorado House Bill 19-1048: Local Election of Library District Trustees,” Colorado General Assembly, <https://leg.colorado.gov/bills/hb19-1048>.



## IDEA

**Optimize government transparency for civic engagement by modernizing the ways state and local entities conduct open meetings, gather and report public data, and make information accessible to citizens and the news media and more useful for civic engagement. State and local governments should adopt the policy that the default for data about and generated by government should be open – not closed.**

**PRECEDENTS:** Colorado has a long open government tradition, having passed the Colorado Open Records Act (CORA) in 1968, two years after Congress enacted the federal Freedom of Information Act.<sup>91</sup> In 1972, Colorado was the first state to enact a [sunshine law](#) requiring open meetings.<sup>92</sup> In 2017, CORA was amended to require that electronic records be provided to the public in useful formats (not only in printouts) and in 2019 opened records on police internal affairs investigations.

Colorado state government has taken several actions to make it easier for the media and public to access government data. The [Governor's Dashboard](#) approach being implemented by Gov. Jared Polis to track progress on his agenda names the public as one of the audiences and frames the data in easy-to-understand ways.<sup>93</sup> The state also produces the [Colorado Information Marketplace](#), which links to data produced by state government agencies grouped by topic, making it easier for residents to find government information.<sup>94</sup> Another good example of data presentation is the Colorado secretary of state's [Go Code Colorado](#) competition, which since 2014 has challenged multidisciplinary teams to turn public data into useful business insights and tools.<sup>95</sup>

In addition to the state, [OpenColorado](#) provides links to local government data sets.<sup>96</sup> The City and County of Denver and other municipalities and state governments nationwide have used [Balancing Act](#), a highly customizable, visual budget data simulation tool, to help residents understand and discuss government budgets.<sup>97</sup>

Other local governments in Colorado partner with the [Open Media Foundation](#) to apply its software and technology to present, record, and enhance public access to local government meetings. The Colorado General Assembly uses this technology to record and

access its floor proceedings. A case study shows that civic engagement increased in the communities where the technology was employed.<sup>98</sup>

**HOW IT COULD WORK IN COLORADO:** As the number of journalists working in Colorado has dropped significantly, it is more important than ever that they and the public have streamlined access to meetings of government officials and the vast amount of data collected by government agencies.

The legislature and executive branch could take several actions to improve public access to government information. Colorado could adopt a policy that information about or produced by state government is, by default, open to the public and media.

State and local governments collect reams of data stored in machine-readable formats. However, they do not regularly provide this information to the public unless compelled by an open records request. The state could adopt a policy like that in [Fort Collins](#), which requires public data to be posted online in machine-readable formats.<sup>99</sup>

To ensure that meetings and records are open to the public and media, government officials in Colorado also need to better understand Colorado's laws governing open meetings and records, including how and when they apply. The legislature could do what [Florida](#) has done and require all state and local officials be trained on Colorado's Open Meetings Law and CORA.<sup>100</sup> The governor's office could also expand the use of the dashboard model and do more to ensure consistent collection and presentation of data on state government operations. Colorado's Department of Local Affairs could provide technical assistance to local governments, resulting in expanded access to local government data.

<sup>91</sup> Roberts, Jeffrey, "Fifty years of the Colorado Open Records Act: 'Terrible, terrible piece of legislation!'" Colorado Freedom of Information Coalition, June 30, 2018, <https://coloradofaic.org/fifty-years-of-the-colorado-open-records-act-terrible-terrible-piece-of-legislation/>.

<sup>92</sup> Colorado Common Cause, <https://www.commoncause.org/colorado/our-work/create-ethical-open-government/public-records/#>.

<sup>93</sup> Governor's Dashboard, Colorado Governor Jared Polis, <https://dashboard.state.co.us/>.

<sup>94</sup> Colorado Information Marketplace, State of Colorado, <https://data.colorado.gov/>.

<sup>95</sup> Go Code Colorado 2019, Colorado Secretary of State, <https://gocode.colorado.gov/>.

<sup>96</sup> "Open Colorado," Datasets, <http://data.opencolorado.org/dataset>.

<sup>97</sup> "Budget Engagement Made Simple," Balancing Act, <https://abalancingact.com/>.

<sup>98</sup> "Guaranteeing Access to Public Records & Meetings, Open Media Foundation," <https://www.commoncause.org/colorado/our-work/create-ethical-open-government/public-records/#>.

<sup>99</sup> Roberts, Jeffrey, "Does Colorado need an open data law?" Colorado Freedom of Information Coalition, <https://coloradofaic.org/does-colorado-need-an-open-data-law>.

<sup>100</sup> Florida Statutes, Title X, Chapter 112.3142, [http://www.leg.state.fl.us/statutes/index.cfm?App\\_mode=Display\\_Statute&Search\\_String=&URL=0100-0199/0112/Sections/0112.3142.html](http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0100-0199/0112/Sections/0112.3142.html).



Colorado currently has no statewide standards on the number of hours that can be charged for responding to CORA requests or the length of time that electronic records such as emails must be retained. The legislature capped the amount that can be charged to journalists and citizens for “research and retrieval” of open records, currently [\\$33.58](#) per hour after the first hour. But there is no limit on the amount of time that can be charged to comply with the request, nor is an itemized receipt showing the costs required.<sup>101</sup> Members of the Colorado Press Association and the Colorado Broadcasters Association report the high cost of CORA requests as a top barrier to being able to produce timely and high quality accountability journalism in Colorado. The high costs can discourage citizens and the media from pursuing some requests. The legislature could set uniform standards that limit the total costs of CORA and criminal justice records requests, require itemized receipts, and direct all state and local government agencies to maintain electronic records for a uniform period. These would all improve access to government data and records, expanding transparency.

**CONSIDERATIONS:** There could be some additional costs to state and local government to comply with the recommended changes. For example, there could be additional cost to improving the collection and posting of government data and limiting the costs of responding to CORA requests. However, most of the costs of collecting government data are currently built into the budget, and posting them online in machine-readable formats should be cheaper than printing and physically distributing them.

There would also be costs associated with developing and implementing a training curriculum for government officials to learn how to better comply with open meetings and open records laws. The cost to local government of implementing technology to improve access to meetings using the Open Media Foundation technology is modest for most and free to the smallest jurisdictions. In fact, communities found that the technology saved them staff time and costs. Implementing Balancing Act is projected to entail 15 to 40 hours of staff time per local government. All these costs appear to be minimal when compared with the benefits of expanding government transparency and improving civic engagement.



Denverite reporter Esteban L. Hernandez (right) covers a public forum for Colorado Attorney General Candidates. (Denverite)

### To optimize government for transparency, Colorado could:

- Adopt a policy that information about or produced by state and local governments is, by default, open to the public and the media.
- Train all government officials on their responsibilities related to Colorado’s Open Meetings Law and Open Records Act.
- Cap the amount that can be charged to journalists and citizens for “research and retrieval” of open records.

<sup>101</sup> Roberts, Jeffrey. “Starting July 1, governments in Colorado will be allowed to charge more for public records,” Colorado Freedom of Information Coalition, June 24, 2019, <https://coloradofoic.org/starting-july-1-governments-in-colorado-will-be-allowed-to-charge-more-for-public-records/>.



## POTENTIAL FUNDING SOURCES

In this paper we put forth several ideas to strengthen and reinvest in local news and journalism throughout Colorado. Some ideas, such as improving the collection and publication of state government information, could be accomplished by redirecting existing funds. Others, such as the creation of local special information districts, would rely on funding approved at the local level. Revenues generated from each of these efforts could be used to attract additional private funds.

But to fully implement the ideas put forth will require new funding from the state. Several analysts and advocates have suggested using tax [policy](#) as a way of promoting the sustainability of local news and journalism. Craig Aaron with Free Press recommends levying a 2% federal tax on digital ads sold by online platforms to fund an endowment to support local news and journalism.<sup>102</sup> Part of the funds generated could be distributed to the states through a formula and used to support local news and journalism.

While the federal level would be an appropriate point to implement such a tax, if this happens we believe that a majority of revenues should be distributed to the states based on the volume of digital ads directed to each state.

However, if the federal government does not act, Colorado could extend its state sales tax to include digital ads that are directed at Coloradans. This approach is similar to a proposal put forth by Paul Romer, a Nobel Prize-winning economist who [suggested](#) that states could levy a progressive sales tax on the revenues online platforms earn from the digital ads shown to their residents.<sup>103</sup>

Colorado currently levies a 2.9% state sales tax primarily on tangible goods based on the sale prices paid at retail. Colorado taxes fewer [services](#) than most states and over the past 50 years services have accounted for a greater share of consumer spending than tangible goods.<sup>104</sup>

Colorado currently provides a rebate to businesses that collect sales taxes that is structured so that smaller business receive a larger [proportion](#) of the sales taxes they collect than do the larger businesses, making this process somewhat progressive.<sup>105</sup>

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

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The value of [digital ad revenue](#) nationwide was estimated to total \$108.6 billion in 2018, growing to \$129.3 billion in 2019.<sup>106</sup> However, there are no readily available estimates for revenue generated from digital ads shown to Coloradans. To estimate Colorado’s share of the U.S. digital ad sales, we used Colorado’s share of households with broadband connections as a proxy measure.

According to the U.S. Census Bureau, Colorado has 1.8 million households with [broadband connections](#) representing 1.9% of the 97 million households in the U.S. with a broadband connection.<sup>107</sup> Based on this share, we estimate that Colorado would account for 1.9% of the total digital ad sales in the U.S., or \$2.0 billion in 2018 and \$2.4 billion in 2019. Extending our 2.9% state sales tax to this share of digital ads would have generated an estimated \$58.9 million in 2018 and \$70.1 million in 2019.

ESTIMATED SALES TAX REVENUES FROM DIGITAL ADS IN COLORADO 2018, 2019		
	2018	2019
Total U.S. Digital Ad Sales	\$108.6 billion	\$129.3 billion
CO Share of U.S. Digital Ad Sales	\$2.0 billion	\$2.4 billion
Estimated Sales Taxes on Digital Ad Sales in CO	\$58.9 million	\$70.1 million

<sup>102</sup> “Beyond Fixing Facebook,” Free Press, February 2019, <https://www.freepress.net/sites/default/files/2019-02/Beyond-Fixing-Facebook-Final.pdf>.

<sup>103</sup> Romer, Paul. “A Tax That Could Fix Big Tech,” New York Times Opinion, May 6, 2019, <https://www.nytimes.com/2019/05/06/opinion/tax-facebook-google.html>.

<sup>104</sup> Colorado State Tax Basics 2018, Colorado Fiscal Institute, January 2018, <https://www.coloradofiscal.org/wp-content/uploads/2018/03/Tax-Basics-2018.pdf>.

<sup>105</sup> HB19-1245, Affordable Housing Funding From Vendor Fee Changes, [https://leg.colorado.gov/sites/default/files/2019a\\_1245\\_signed.pdf](https://leg.colorado.gov/sites/default/files/2019a_1245_signed.pdf).

<sup>106</sup> Digital Ad Spending: 2019, e-Marketer. <https://www.emarketer.com/content/us-digital-ad-spending-2019>.

<sup>107</sup> “Computer and Internet Use in the United States 2016,” American Community Survey Reports, U.S. Census Bureau, August 2018, <https://www.census.gov/content/dam/Census/library/publications/2018/acs/ACS-39.pdf>.



We recognize that this is a rough approximation of the value of digital ads shown to Coloradans and that more detailed analyses need to be undertaken to more accurately determine their value as this proposal moves forward.

The revenues generated by expanding Colorado's state sales tax to digital ads could be used to fund most of the ideas in this paper. It could support the state-level public-private partnership to stimulate local news and journalism and the tax credit for donations to local news outlets described earlier in the report. It could also be used to fund higher education resources such as internships and fellowships and to expand library services to support local news gathering and publication. There may also be revenue available to support the expansion of broadband services in rural areas that currently lack these connections. These are the types of areas that are also most likely to be news deserts.

This proposal is structured as a tax policy change aimed at improving the sales tax system and linking revenue to promote local news and journalism to the growth in digital advertising, one of the structural changes threatening its business model. The revenue gain is incidental to modernization of the sales tax system. Therefore, we believe this proposal could be considered a tax policy change under TABOR that would not require a vote of the people to be enacted.

## CONCLUSION AND INVITATION

The future of local journalism is at a crossroads. Access to trustworthy, nonpartisan local news is essential for democracy, yet the old models for sustaining mass media are broken and not serving our communities. As the commercially profitable aspects of local news have spun off into new tech ventures the less profitable daily accountability coverage and the more expensive investigative journalism are all that remain unsubsidized.

Most Coloradans are largely unaware of the financial crisis in local news. Yet the vast majority across the political spectrum still place great trust in their local news outlets, even as trust in national news and government institutions is polarized. Colorado's rural and low-income communities suffer most when local

news declines. Over half of Colorado newspapers are still locally owned small businesses that provide vital services to their communities.

There is hope on the horizon. Newsrooms of all business models and platforms are adopting a new spirit of collaboration, recognizing that competition is not with each other but for Coloradans' trust, time, and attention. Developing new, innovative ways of meeting communities' information needs with public interest, accountability, and educational news is squarely in the public interest to sustain. There are a number of viable paths forward, but all will require more support from philanthropy and the public sector to navigate this time of great transition.

The ideas contained in this paper are not meant to be the end point in a conversation but the beginning. The Colorado Media Project welcomes additional input, new thinking, contradictions, corrections, and all types of feedback as we seek to improve these recommendations and chart a path forward for sustainable, independent local news and civic information that better serves the people of Colorado. We know that with great challenge comes great opportunity, and so we invite you to join us in an urgent reimagining of the role of local news as a vital and relevant component of civic engagement and a reinvigorated public square.

**To see a series of essays from Colorado Media Project working group members on various topics contained within this report, visit**

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

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