



January 6, 2025

Dear Governor Gavin Newsom, Senate President Pro Tempore Mike McGuire, Speaker Robert Rivas and Assemblymember Buffy Wicks:

Media Guild of the West, The NewsGuild-CWA Local 39213, represents unionized journalists and news workers in Southern California and elsewhere. Our Guild coordinated the coalition of media unions and journalist organizations that engaged with Assemblymember Buffy Wicks' California Journalism Preservation Act (AB 886) of the 2023-2024 legislative session. Together, our Guild and our peer organizations represented thousands of journalists and news workers at newspapers, digital outlets, and broadcast media who provide news to millions of Californians.

The upcoming budget process offers an opportunity to rework the journalism settlement proposed by Google in August,¹ which was embraced by some publishers but almost universally condemned by the membership organizations representing California's journalists.^{2 3} Our Guild believes the draft settlement cannot achieve Governor Newsom's stated aim of creating a program that "not only provides funding to support hundreds of new journalists but helps rebuild a robust and dynamic California press corps for years to come, reinforcing the vital role of journalism in our democracy."⁴

Media Guild of the West submits the following six recommendations to improve the settlement and requests a meeting to discuss a productive path forward to support California journalism.

Recommendation 1: Impose a Contribution Incentive encouraging multiple Big Tech companies to donate to the Journalism Fund in lieu of allocating public dollars. (Page 2)

Recommendation 2: Any public funds appropriated to large and corporate-owned news employers via the Journalism Fund must come with fair-labor requirements. (Page 4)

Recommendation 3: Publishers receiving funds should not control a majority of votes on the Journalism Fund's 501(c)3 board. (Page 6)

¹<https://www.sacbee.com/news/politics-government/capitol-alert/article291309020.html>

²<https://www.mediaguildwest.org/news/californias-journalists-do-not-consent-to-this-shakedown>

³<https://www.mediaguildwest.org/news/journalist-opposition-to-california-google-deal-grows>

⁴<https://a14.asmdc.org/press-releases/20240821-assemblymember-wicks-secures-agreement-state-major-tech-companies-support>

Recommendation 4: Public media should be included, not excluded, for subsidy. (Page 6)

Recommendation 5: Eligibility requirements should be eased for startup journalist worker cooperatives. (Page 7)

Recommendation 6: California must remove itself and the Journalism Fund from involvement with Google's National AI Accelerator. (Page 8)

Recommendation 1: Impose a Contribution Incentive encouraging multiple Big Tech companies to donate to the Journalism Fund in lieu of allocating public dollars.

The core problem of the proposed settlement between Google and California publishers is that, as public policy, it doesn't know what it wants to be. This is by far the smallest Google journalism settlement of its kind in the world,⁵ too meager to act as a market correction and too broadly structured to target growth or the neediest cases. The relatively modest Google and state contributions, once diluted as an across-the-board subsidy for an unknown number of California publishers and journalists,⁶ will likely prevent the Journalism Fund's goal of stimulating journalist job growth across California's ailing news sector.

Additionally, Google's demand⁷ to condition its own contributions on the allocation of matching public dollars to the Journalism Fund introduces a new threat to the independence of California journalists. The discretionary nature of the annual appropriations process will incentivize our employers to cultivate closer non-journalistic relationships with appropriators at a time when California journalists have already been alarmed by the self-interested nature of some news publishers' political conduct,⁸ including during the 2023-2024 legislative session.⁹ The tying of

⁵In California (population 39 million, \$3.9 trillion GDP), Google proposes paying \$15 million in year 1 and \$10 million in subsequent years into the Journalism Fund. In Canada (population 40 million, \$2.14 trillion GDP), Google agreed to pay ~\$70 million USD annually into a similar journalism fund. In Australia, (population 27 million, \$1.7 trillion GDP), Google's deals with publishers under the Bargaining Code are believed to be worth ~\$112 million USD annually.

https://online.ucpress.edu/gp/article-pdf/5/1/126792/847498/globalperspectives_2024_5_1_126792.pdf

⁶There's no reliable public data on the expected number of eligible publishers and journalists in California. Canada's fund distributor, Canadian Journalism Collective, said more publishers than expected applied for subsidies from that nation's fund. <https://rickysutton.substack.com/p/google-pays-100-million-lifeline>

⁷<https://www.bloomberg.com/news/articles/2024-10-11/google-used-influence-ultimatum-to-cut-deal-on-california-news>

⁸<https://www.status.news/p/patrick-soon-shiong-los-angeles-times-donald-trump-fcad>

⁹https://www.levernews.com/googles-assistance-is-killing_journalism/



Google funding to the annual appropriations process adds further leverage to the whims of any appropriators tempted to reward allies or punish enemies in the press.¹⁰ Finally, the Journalism Fund's proposed 501(c)3 nonprofit funding structure creates a double drag on the state's already-strained General Fund by adding direct state appropriations on top of Google's tax-deductible charitable contributions.¹¹

To support journalism without compromising journalists' independence, public funding must be broad-based, predictable and insulated from the intrigues of publisher and appropriator alike. We need a law, not annual lobbying mayhem. And to be a meaningful market intervention for California's faltering local news industry, the Journalism Fund has to be much bigger – ideally not at the expense of the other worthy California services dependent on General Fund support.

Media Guild of the West recommends addressing all the above issues by imposing a substantial Contribution Incentive encouraging Big Tech platforms to voluntarily contribute to the Journalism Fund in lieu of the government directly allocating public dollars. These companies pollute our information environment; they should help pay for cleanup. We suggest a model similar to the Australian parliament's incoming "News Bargaining Incentive" proposal¹² to create a flat charge on Big Tech platforms that can be offset through voluntary contributions to the Journalism Fund. We recommend that every \$1 contributed to the Journalism Fund cancel \$1.25 of the platform's Contribution Incentive charge otherwise due to the state, as the goal of the charge isn't to collect tax revenue for the state's General Fund, but to encourage direct support of the Journalism Fund.

In this way, California's commitment of public support to the Journalism Fund would become more safely and predictably constrained to any General Fund losses incurred by the tax deductions earned by Big Tech's contributions to the Journalism Fund's 501(c)3 nonprofit. The uncertainty of the annual appropriations process would disappear, as would opportunities for appropriator and publisher corruption. Google would no longer be the sole company financially supporting fact-based journalism that offsets the misinformation spread by many Big Tech platforms' increasingly AI-powered services.

¹⁰During the 2023-2024 legislative session, we anecdotally heard of at least one spurned lawmaker serving the greater Los Angeles area who opposed that session's journalism funding bills specifically because the Los Angeles Times would have benefited.

¹¹<https://news.bloombergtax.com/daily-tax-report-state/google-gets-tax-deduction-for-most-of-california-journalism-deal>

¹²<https://ministers.treasury.gov.au/ministers/stephen-jones-2022/transcripts/joint-doorstop-commonwealth-parliament-offices-sydney>



Finally, the flat nature of the Contribution Incentive would not entice platforms to ban journalism on their services to evade charge, as Meta and Google have threatened to do around the world in response to regulatory frameworks similar to the California Journalism Preservation Act. Nor would California small businesses be exposed to the threat of pass-through charges from a tax directly tied to digital advertising revenues, as Big Tech’s representatives threatened in response to Senator Steve Glazer’s proposed SB 1327 in 2024.¹³

Recommendation 2: Any public funds appropriated to large and corporate-owned news employers via the Journalism Fund must come with fair-labor requirements.

Taxpayers shouldn’t be asked to support publishers that don’t support their own journalists. For a broad-based labor subsidy like this program, we recommend imposing a high-road employment requirement: Large and corporate-owned news employers should not receive public dollars via the Journalism Fund unless those employers 1. (if unionized) have non-expired collective bargaining agreements in place with the journalists and news workers being subsidized, or 2. (if not unionized) pay prevailing wages to those subsidized news workers, as benchmarked to pay in comparable unionized newsrooms. Funds not allocated to noncompliant firms in this manner should be redistributed to small and independent news employers.

We define “large” news employers as those employing more than 50 journalists, which captures about half a dozen non-broadcast California employers.¹⁴ To capture “small” newsrooms owned by large, finance-dominated corporate parents, we further recommend adapting corporate-designation criteria from Illinois’ Local Journalism Sustainability Act.¹⁵ Such criteria would capture LLCs that are subsidiaries of a larger conglomerates (such as the Alden Global Capital newsrooms), particularly those in which more than 5% of the beneficial ownership is a publicly traded entity (such as Gannett) or in which a private fund is an owner (McClatchy).

Most of these large and corporate-owned news outlets in California are already unionized, and collective bargaining for these journalists at these entities increasingly drag on for years, lately drawing the threat of work stoppages. Journalists at Patrick Soon-Shiong’s Los Angeles Times have not received across-the-board raises since 2021 and are working without a contract, as

¹³<https://progresschamber.org/ca-digital-ad-tax-would-cost-local-businesses-research-finds/>

¹⁴This group is believed to include Patrick Soon-Shiong (Los Angeles Times), Alden Global Capital (Southern California News Group, Bay Area News Group, San Diego Union-Tribune), Hearst (San Francisco Chronicle and SFGate), Gannett (eight smaller titles), Sonoma Media Investments (Press-Democrat) and the nonprofit-owned CalMatters. Of these, only the San Diego Union-Tribune, SFGate and some of the small Gannett titles are not unionized.

¹⁵<https://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=4512&ChapterID=8>



Soon-Shiong has yet to agree to a contract to replace the newsroom agreement that expired in 2022. Journalists at the Southern California News Group spent three years at the bargaining table¹⁶ before reaching their first contract with former hedge fund Alden Global Capital, “the destroyer of newspapers,”¹⁷ after threatening an open-ended strike. Even at the nonprofit CalMatters, the scores of its journalists have waited more than a year and counting for their first contract.¹⁸

For large and corporate newsrooms that aren’t unionized, we’re concerned about the competition implications of the state boosting companies that don’t pay journalists the wages their unionized competitors do. In California, workers covered by collective bargaining agreements earn 12.9% more than non-union workers with similar demographic characteristics and working in similar industries.¹⁹ At minimum, non-unionized corporate news competitors should pay prevailing wages to qualify for public subsidy.

Journalism Fund administrators may find these sorts of fair-labor stipulations simpler to manage and verify than the California Journalism Preservation Act’s proposed 70%/50% payroll spending mandates for all publishers. We acknowledge that a percentage-based mandate, combined with that bill’s strict transparency requirements, is likely to create administrative burdens for publishers of all stripes. That burden was necessary to mitigate the likelihood of many publishers using journalist labor subsidies to subsidize things like shareholder buybacks or journalistically questionable AI deployments; given the innate fungibility of cash, this mandate would always be an imperfect solution at best. But CBA-based or prevailing-wage requirements, if combined with public transparency reports and the Journalism Fund’s per capita employment distribution formula, may alleviate the need for a percentage-based payroll spending mandate while incentivizing publishers to embrace fair labor standards for their journalists.

A Journalism Fund’s CBA standard should require attestation of the existence of a non-expired collective bargaining agreement from the union representing the relevant employer’s journalists as a condition of the employer receiving public subsidy. An attestation requirement should be grandfathered in for employers that later lay off enough journalists to fall below the 50-employee threshold to avoid creating an unintended incentive for news workforce reduction.

¹⁶<https://www.dailynews.com/2024/11/15/scng-guild-approves-its-first-labor-contract/>

¹⁷<https://www.bloomberg.com/view/articles/2018-03-26/alden-global-capital-s-business-model-destroys-news-papers-for-little-gain>

¹⁸<https://newsguild.org/calmatters-staff-announce-unionization-joining-news-nonprofits-organizing-across-u-s/>

¹⁹<https://laborcenter.berkeley.edu/pdf/2018/Union-Effect-in-California-1.pdf>



Recommendation 3: Publishers receiving funds should not control a majority of votes on the Journalism Fund's 501(c)3 board.

We strongly agree with a requirement for labor representation on the Journalism Fund's board, particularly given California journalist unions' likely role as a watchdog for potential publisher evasion or abuse of the Journalism Fund's employment and transparency requirements. The transparency language in the California Journalism Preservation Act was originally proposed by our Guild to help California's journalists to monitor their employers' handling of funds.

For similar reasons, we express deep reservations about the conflict of interest and lack of independence inherent to giving a majority of board seats to the publishers receiving disbursements from the Journalism Fund. Publishers should not be able to hold majority votes to reallocate disbursements among themselves or unilaterally alter transparency requirements that were designed to ensure their own accountability as recipients.

We defer to California-based community groups on what outside civic representation on the board would look like. But a healthier mix of representation from the journalism community could look like a combination of representatives from publishers, journalism schools (including both the UC and CSU systems), media unions,²⁰ and professional journalist associations with robust in-state memberships, like local California chapters of the Society of Professional Journalists, National Association of Black Journalists, Asian American Journalists Association, National Association of Hispanic Journalists and CCNMA: Latino Journalists of California and Investigative Reporters and Editors.

Recommendation 4: Public media should be included, not excluded, for subsidy.

Longtime public media stations across California have implemented the same kind of journalist cutbacks as the print and digital newsrooms being targeted for support by the Journalism Fund.²¹ These stations, which serve Californians on a noncommercial basis, should not be excluded from support just because of their legacy broadcast base, especially given the strong possibility their federal funding from the Corporation for Public Broadcasting is cut under President Trump.²²

²⁰In California, journalists and news workers are principally represented by the two locals of The NewsGuild-CWA (Media Guild of the West and Pacific Media Workers Guild), SAG-AFTRA, three locals of NABET-CWA, and the Writers Guild of America West.

²¹KCRW, LAist KPCC, KQED and CapRadio have experienced major job cuts over the past two years.

²²<https://www.nytimes.com/2024/12/27/business/media/npr-pbs-funding-trump-musk.html>



We would also criticize the decision to exclude journalists working for commercial broadcasters for any program aiming to serve as a market correction on the same scale of the proposed California Journalism Preservation Act. All legacy media are increasingly operating in Big Tech monopoly marketplaces as legacy formats decline in consumer use.

Recommendation 5: Eligibility requirements should be eased for startup journalist worker cooperatives.

The California Journalism Preservation Act originally proposed to restrict support for commercial news startups that have not operated for more than two years and earned less than \$100,000 in editorial revenue. For the Journalism Fund, we recommend lowering this eligibility threshold to one year and \$50,000 specifically for eligible news organizations organized as worker cooperatives.

New research commissioned by the POWER Act (AB 2849²³) passed by California lawmakers in 2022 found that worker-operated firms experience greater job security, with fewer layoffs and lower turnover compared to conventional firms.²⁴ However, the POWER Act research found that worker-owned firms face unique financing hurdles relative to other types of businesses.

Complicating those challenges, worker-operated newsrooms tend to emerge as crisis startups during the sudden loss of existing news production. Journalist members of our Guild formed the Long Beach Watchdog cooperative²⁵ after a mass layoff and a strike at the nonprofit Long Beach Post in 2024. In 2021, as the criminal-justice publication The Appeal faced a shutdown, journalists unionized with the Pacific Media Workers Guild in Northern California took over the publication as a worker-led nonprofit.²⁶ As Vice Media collapsed into bankruptcy in 2023, Vice Motherboard journalists incorporated 404 Media in California to continue covering technology.²⁷

We recommend lowering the regulatory qualifications to ease the entrepreneurial burdens for journalists attempting to create their own local news jobs.

²³https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2849

²⁴<https://www.labor.ca.gov/wp-content/uploads/sites/338/2024/11/AB2849-Study-Report-V4.docx>

²⁵<https://lbwatchdog.com/about/>

²⁶<https://www.patreon.com/posts/what-is-future-54291634?l=es>

²⁷<https://www.nytimes.com/2023/08/22/business/media/404-media-vice-motherboard.html>

Recommendation 6: California must remove itself and the Journalism Fund from involvement with Google's National AI Accelerator.

The journalism settlement's proposed Google National AI Accelerator presents a competition paradox. Until now, the state of California has helped argue successfully in federal court that Google unlawfully dominates too many digital markets on which journalism and other industries depend, including general search services and digital advertising. "Google is a monopolist, and it has acted as one to maintain its monopoly," D.C. District Court Judge Amit Mehta recently found in one of California's antitrust lawsuits with the U.S. Justice Department and other state attorneys general.²⁸ A dramatic breakup of Google's services is being pursued as the remedy.²⁹

But now California leaders propose entrenching this monopoly's domination of journalism infrastructure by creating a National AI Accelerator "public-private partnership" to "strengthen the workforce" and create "new tools to help journalists access and analyze public information."³⁰ Is the priority of the state's involvement in an AI accelerator to help journalists, or is the goal to help Google create AI products that actually work? We don't know the answer, because this program was announced without consent, contribution or oversight from the "workforce" being helped.³¹

AI deployments involving journalism must be undertaken with extraordinary caution. Large language model-based technology has struggled to gain a legitimate, non-experimental foothold in many journalistic workflows due to the models' inherently plagiaristic and fabulist tendencies.³² These are qualities that would get any human journalist fired,³³ which has posed a direct risk to adoption of the tech in newsrooms. Research shows the public is also highly suspicious of AI involvement in news production³⁴ at a time when confidence in the news is already at historic lows.³⁵

²⁸https://storage.courtlistener.com/recap/gov.uscourts.dcd.223205/gov.uscourts.dcd.223205.1033.0_1.pdf

²⁹<https://apnews.com/article/google-search-monopoly-penalty-justice-department-84e07fec51c5c59751d846118cb900a7>

³⁰<https://a14.asmdc.org/press-releases/20240821-assemblymember-wicks-secures-agreement-state-major-tech-companies-support>

³¹<https://www.sfchronicle.com/politics/article/newsom-labor-ai-19716749.php>

³²The terms of service for Google's Gemini API warn of requiring "discretion before relying on, publishing, or otherwise using" tools that "may sometimes provide inaccurate" content.

<https://ai.google.dev/gemini-api/terms>

³³<https://www.nytimes.com/2024/08/14/business/media/wyoming-cody-enterprise-ai.html>

³⁴<https://news.ku.edu/news/article/study-finds-readers-trust-news-less-when-ai-is-involved-even-when-the-y-dont-understand-to-what-extent>

³⁵<https://news.gallup.com/poll/651977/americans-trust-media-remains-trend-low.aspx>



Nonetheless, there is a significant labor-management disagreement over AI deployment in the news industry. Publishers consistently strongly resist our proposals in collective bargaining to put guardrails on AI replacing human journalists. For these reasons, we don't think employers with incentives to drive down labor costs – or journalism philanthropies themselves receiving funding from AI developers – should be entrusted to speak on behalf of journalists regarding the ethical deployment of AI in our journalism.

California should excuse itself and the Journalism Fund from involvement in Google-controlled AI development. Deployment is likelier than anything to entrench news publishers' already uncomfortable dependencies on this unlawful monopolist,³⁶ as it's unlikely that an economically fragile news sector can eventually foot the bill for expensive AI technology whose capital expenditures are being massively subsidized even across much of the tech sector.³⁷

CONCLUSION

We thank you for showing concern for the welfare of California's free press. As was the case with Assemblymember Wicks' California Journalism Preservation Act (AB 886) and Senator Steve Glazer's SB 1327 bills in the 2023-2024 session, our Guild stands ready to be a constructive partner in assisting California lawmakers hoping to make healthy policies supporting the production of local, quality independent journalism in the state of California. Although we will remain ardent critics of California's publishers, Google, and public officials alike regardless of the outcome of these legislative interventions – we wouldn't be independent journalists if we weren't – we remain optimistic that policy improvements to better serve California's communities can emerge from our continued engagement.

Best,

Matt Pearce

President, Media Guild of the West

The NewsGuild-CWA Local 39213

president@mediaguildwest.org

P.O. Box 2554 El Segundo, CA 90245

³⁶<https://www.niemanlab.org/2024/09/big-tech-is-painting-itself-as-journalisms-savior-we-should-tread-carefully/>

³⁷<https://goodjobsfirst.org/big-tech-eyes-billions-in-public-subsidies-for-ai-cloud-computing/>