



## Illinois Department of Commerce & Economic Opportunity

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### Local Journalism Task Force Meeting Minutes October 16, 2023

**Event/Meeting:** Local Journalism Task Force Meeting

**Date/Time:** October 16, 2023, at 11:00 a.m.

**Location:** Teleconference via Webex

**Members Present:** Jordan Abudayyeh, Jesús Del Toro, Jenna Dooley, Randy Eccles, Sam Fisher, Prof. Tim Franklin, Prof. Dong “HD” Han, Tim Myers, Jason Piscia, Sen. Steve Stadelman, Mayor Julie Moore Wolfe, Sen. Donald DeWitte, Allison Petty, Adam Rhodes

**Appointed Members Absent:** Mark Jacob, Josh McGhee, Rep. Dave Vella, Christopher Willadsen

**Illinois Department of Commerce and Economic Opportunity (DCEO) Staff Present:** Emily Bolton, Eliza Glezer, Brittany Davis

**Call to Order:** Meeting began at approximately 11:05 a.m. with brief overview.

**Roll Call:** 14 members were present; quorum was met.

**Adoption of the Minutes:** Minutes from the August 15, 2023, Local Journalism Task Force Meeting were unanimously adopted via voice vote.

**Brief Introduction:** Chairman Stadelman gave a brief welcome and introduced Nancy Lane, CEO of the nonprofit Local Media Association to provide a brief presentation.

**Presentation from Nancy Lane:** CEO of the nonprofit Local Media Association, which counts more than 3,000 newspapers, digital-only sites, TV stations and radio outlets as members.

- LMA is an umbrella organization that brings everyone in the local media industry together – from the largest companies to small to mid-size companies, digital sites, and public media. Unique vantage point in industry – focused on all media of all kinds.
- Mission to develop new business models for news – essential to healthy democracy.
- Four core pillars: business transformation, industry collaboration, journalism funded by philanthropy, sustainability for publishers of color.
- Positive Trends:
  - o Philanthropic support of local journalism is at an all-time high. Report for America was one of the first major efforts – Seattle Times was an early adopter, learned a lot from them. Local news

- ecosystem in Seattle is alive and well. Philanthropy needs to continue to step up – focused on that effort at LMA.
- Local news organizations are collaborating in unprecedented ways. Don't see as much competition as we used to. Launched nine industry collaboratives, including in Chicago.
- More local news startups are launching. 90% of members are legacy media, but it's important that we have new entrepreneurs in the local news ecosystem.
- Concerning Trends:
  - Legacy media, with the most audience, continues to be disrupted. 2023 was another brutal year for the industry with lots of layoffs, for example, Washington Post had buyouts for 250 positions. Tough economic environment despite progress being made. Not enough to overcome advertising losses.
  - Paywalls are necessary for legacy media to stay in business but shut out information for those who can't pay. Causes an information void, which is terrible for democracy. Paywalls are necessary to pay salaries of journalists, but need to figure out how people who can't afford a subscription can get that vital news.
  - Startups struggle to build an audience despite significant funding, even though they produce great journalism – they reach a fraction of what legacy media reaches. New infusion of digital outlets is exciting, but they have their own issues.
- Local news and information are essential to a healthy democracy. We're failing and that can be seen everywhere. When legacy media is behind a paywall, people are only accessing free sites that are often filled with misinformation. Family owners are losing money, tapping their reserves, going out of business. Many towns will become news deserts if we can't figure this out in the next 18 months.
- Don't focus on public policy at LMA. Steve Waldman has new information on what's going on and what different states are doing to combat this problem.
- Personally, would love to see a way for government funding to be used to pay for digital subscriptions for people under a certain income level. Important that news and information gets to everyone in society, not just the affluent. Race in Louisiana should be concerning – very low turnout in a state that has more Democrats registered than Republicans, and this is happening because people don't have access to vital news and information.
- Focused on business side helping media companies.

**Presentation from Steve Waldman:** President of Rebuild Local News

- Big news about Press Forward, philanthropic infusion of \$500 million over four years. Lost \$40 billion in newspaper advertising revenue over two decades. If you add new money from Press Forward, between \$200-300 million philanthropic support for local news – \$40 billion out, \$300 million in. There are ways of making sure communities have news and information they need that are much less expensive than what was being done 20 years ago.
- Problem isn't solved because big foundations decided to come in, which is an important step, but it will only be solved (communities have adequate information and accountability) with business model improvements, including philanthropy, public support and public policy.
- Public policy in this area needs to be careful to avoid abuse and elected officials using government support to manipulate the press. Content-neutral, non-partisan, platform neutral. If possible, policy should be future friendly but that's hard to do.
- Policy should help medium and small sized players and innovators, including communities that have been underserved in the past – communities of color or rural.
- Tax credits for small businesses that advertise with local news organizations – getting most traction in purple and red states.



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- Tax credits for local news organizations that hire and retain local reporters. National Restaurant Association endorsed this bill.
- Subsidies to consumers to subscribe or donate to local newsrooms. People would be more willing to subscribe to local news if it cost less. Problems with this at the federal level. Senator looking at proposal that would help businesses that provide free subscriptions. Partnerships with libraries and schools are also options. News vouchers in Seattle. People are excited about trying to nail this down, but ideas aren't fully baked yet.
- Government advertising. Efforts to shift more government advertising toward local news.
- Fellowships. Report for America style fellowships – fund full-time reporters into local newsrooms.
- Direct grants. Key is having it as a nonprofit entity, not grants coming straight from the government, don't support discretionary process of grants from government.
- Broadband. Almost \$100 billion from two federal bills to advance universal broadband. Affordability and accessibility. Also digital equity and racial equity, people should be able to participate in civic life in their communities with internet. State efforts around broadband ought to include local news in the discussion. Consider information health of communities, strengthen local news in areas that need it.
- Tough to get at this issue without looking at questions of ownership. In lots of places, news provided by big chains. Replanting – make sure that as much as possible, newspapers don't get sold off to hedge funds and private equity, but are maintained and kept in local hands.
- We know the consequences and severity of this crisis. It hurts accountability reporting, civic participation, and community cohesion, and it accelerates polarization.
- If I had to pick one without factoring in politics, would pick refundable payroll tax credit – most likely to directly help news organizations. But the other ones are good too!

**Presentation from Mary Randolph and Hannah Carroll:** Northwestern University Medill School of Journalism interns conducting research for the Task Force on the local news landscape, the changing definition of journalism and journalists and policy initiatives in various states.

- Summary of research: state of local news, defining journalism, public policies and the future of journalism.
- State of local news: 341 local newspapers, 25 local news sites, 24 public broadcasting stations, 5 news desert counties
- State of local news nationally – more than 1/5 citizens live in news deserts. Local news needs local ownership BUT smaller, independent owners can't conduct the business side as efficiently.
- How to define journalism or a journalist:
  - o Process – disciplined verification, systematic, finding the truth about the facts, assembling and verifying facts of which journalists draw meaning from, multiple sources, disclosure, various sides considered, context, representation
  - o Purpose
    - Provide readers with verified information used to make better decisions
- Focus on defining the type of media outlets the state wishes to support in order to approach building public policy
  - o Nonpartisan, platform and content neutral, local, future proofed, transparency of ownership, editorial independence
- Looking to public policy for guidance

- Content
  - Primarily produce original, trustworthy content related to news
  - Updated weekly, at minimum
  - Transparent editorial process for error collection and clarification
- Audience
  - Majority of readership within the publication's state of operation
- Employment
  - Employ at least one full-time journalist that resides within the designated state
- Business standing
  - Covered by media liability insurance
  - Be in existence as a registered business in state for at least 12 months
- Tax credits
  - Advertising
  - Subscription
  - Labor/Payroll
  - Tax Exemption
- Advertising set aside
  - Mandate a percentage of government advertising dollars to be spent on advertising in local news/media outlets
  - Success in NYC
- Advertising Set Aside in Chicago
  - City must allocate at least 50% of print/digital/broadcast advertising spending to local media outlets
  - Hasn't gone into effect yet, signed by Mayor Lightfoot
- Grant programs
  - New Jersey is the only state with this program
  - Collaboration between state employees, people in the journalism industry, community leaders, and New Jersey partner university staff members
  - Pros and Cons – recommendations for how to run this program in a different state
- Fellowships
  - Designate funds (usually to early career journalists) to supplement journalists' income in newsrooms
    - Pro – increase early career journalism jobs and direct help to newsrooms
    - Cons – fail to promote business sustainability, doesn't solve news deserts
  - CA Fellowship Program
    - \$25 million to support 3 cohorts of 40 fellows for 2-year fellowships
    - Focusing on small outlets, fellows providing something the newsrooms didn't have previously. Trying to combat news deserts by placing fellow in newsrooms that cover areas that were previously news deserts, haven't received much coverage.
- Bargaining
  - Creates exemptions from antitrust laws, which allows newsrooms and media companies to negotiate with Google and Meta and earn revenue when the tech giants feature their content.
  - Free press believes it will promote collusion
  - Australia put a similar bill into effect, benefits large publishers
- Local Journalism Sustainability Act
  - Introduced in 2021, pending in Congress
  - Includes subscription tax credit, payroll tax credit for news outlets, payroll tax credit for small business advertisers



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- The future of journalism: potential business models
  - o Eliminating print costs, focus on digital
  - o Facebook journalism project
- Report will be shared with the group. Can share contact information for additional insight.

**Q&A:** Members of the Task Force posed questions to the presenters. The main themes discussed are below:

- **Q (Sam Fisher):** What's possible, from your perspective, if you look at the legislature right now?
- **A (Sen. Stadelman):** Initial thoughts – tax credits, advertising tax credits and payroll are interesting and could get bipartisan support. Still need more. Things like fellowships are great, but hesitant for things with large price tags – need something sustainable moving forward. Approach this from several different fronts, there's not a single answer.
- **Q (Tim Franklin):** What's the timeline for presenting report to legislature? Walk us through your thinking.
- **A (Sen. Stadelman):** Introduce legislation early next year – January or February, assume some type of report by end of year or early next year to coincide with legislation introduction, if possible. Want report at the same time as introducing legislation.
- **Q (Tim Franklin):** Nancy, can you talk more about the urgency of this situation? Number of news outlets we risk losing. Saw a report we're already on pace for record number of layoffs in media business. Steve, do you view these as time-limited policy proposals? Is the goal to provide a runway to figure out new business model? Talk timing.
- **A (Nancy Lane):** We're in a dire situation in some cases. Family owners could've sold a long time ago to hedge funds, but they didn't because they're involved in their communities and believe in local news and information. Tough business model right now. They've made all the right decisions and yet here we are. Will see reduction in reporting staff, which goes to business model because reader revenue is so important. Putting out less content has negative effect on business side. Powerful winds of advertising declines continue to cause pain. Things like Press Forward help – hope to bring this to lots of funders who have never funded local news. Example, Word in Black gave \$1 million in operating support – first time funding journalism. Unlock lots of money and foundations when people start to link local news and democracy. Need to tell the story to various members of the funding community.
- **A (Steve Waldman):** Both sides of argument... expect there will be public support for local news forever – U.S. does less than most countries. Founding Fathers believed in it strongly – massive newspaper subsidy that would be \$40 billion, size of NASA budget in modern times. Expect there be some public support for certain types of civic information. But most people would rather keep government support to as little as possible to stay more independent without government involvement. Need support right now and for next five years then we'll see... hopefully developing business models that will pick up the slack. When we hear philanthropy, we often think big national foundations – will small donations at local level be at a high level in five years? Ongoing active support from community will help community news survive.



- **Q (Jesús Del Toro):** Possible tax credits, programs, support... in all of these initiatives, how can we balance support dependent on size and type of local media? Hyperlocal communities vs. larger local media, etc. what do you think about some sort of affirmative action to make it more balanced?
- **A (Steve Waldman):** Goals can be achieved or addressed depending on how you do the public policy. In California, bill pending to require half of government advertising to go to community news organizations, defined by size. That's one way but it has tradeoffs. Federal version of payroll tax credit had provision to turn knob whatever direction you want – limit on slots a corporation could get. Shifts the money toward medium and small sized players. Achieve goals in most of these proposals. Entire local news system is collapsing, so wouldn't want this to go to only institutions covering communities of color for instance, but fair to look out to make sure those publications aren't left out. Payroll tax credit that passed House would've provided \$120 million to BIPOC media – not targeted toward them but would've been biggest infusion of support from the federal government ever. Useful to try to keep both goals in mind.
- **A (Nancy Lane):** There is power in media coming together – Alton Black publishers businesses growing thanks to efforts of Word in Black and journalism funding. Journalists doing incredible work in big metro daily papers, regardless of ownership. Lots of money out there for underrepresented media but going at it alone is tough.
- **Q (Jenna Dooley):** 3 out of 4 members of our news team came in through the Report for America pipeline. NIU class watching conversation. Subsidies to consumers for subscriptions – would be great for students. Illinois News Broadcasters Association – involuntary reductions, also concerned about people who leave from burnout. Access to mental health care, therapy as a benefit. Look for policy ways or opportunities to invest in professional development opportunities for young professionals so they don't leave the industry. For subsidies to consumers for subscriptions, how would you decide which outlets to include? How would it prevent subscriptions to more bad actors?
- **A (Steve Waldman):** Do you want it to go to national media, fake algorithmic media, or poor quality media? Any government effort has to be tolerant of subsidies going to entities we might consider poor quality because you'll get into subjective judgments about poor quality. Come up with rules that are objective and don't bring in people making subjective judgments on quality. Could choose local news organizations or have rules that exclude pink slime sites – try to develop filters to keep out pink slime sites in objective ways, such as does the news organization have a full-time local reporter? Knocks out 90% of pink slime sites. You could target to local and knock out pink slime but when it comes to quality or bias, let consumer make their own decisions. Look at it like charitable deductions.
- **Q (Prof. Dong “HD” Han):** Consumer subsidy – talk more about this, especially in relation to supporting subsidy to digital subscriptions. Why pick digital subscriptions because lots of low-income populations don't have internet access? Many citizens are in a neighborhood that doesn't like to use the internet or screens, so digital subscription might not mean much. How to define journalism source in terms of subsidy? Subscriptions from low-income people, etc.
- **A (Nancy Lane):** Print product is idle in underserved communities. Still brings in majority of revenue. Print is not dead, especially Black press in Black communities. Would never urge them to stop printing any time soon. A percentage of every market only gets digital news (young). Ex. After Buffalo massacre, Buffalo only had a print product so there was nothing online from local legacy Black newspaper. Digital transition is important. Print model for large newspaper companies is dying. Continue to reduce frequency – they lose money, can't do breaking news in print. Don't want to dismiss the power of print in underserved communities.
- **A (Steve Waldman):** Original federal bill did both... subscription for consumers and subsidy for small businesses that advertise in local news. Invest in future with digital but subsidize for small businesses helps papers that are advertising dependent. Some combination will hit the sweet spot. Subscription subsidy



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could counter trend so low-income people could afford subscriptions and in turn affect how newspapers tilt coverage. Need newspaper to cover whole community.

- **Q (Sen. Steve Stadelman):** Broadband including local news – what does that look like?
- **A (Steve Waldman):** State broadband plans look for institutions that could be trusted partners, like libraries. Local news organizations can be that institution. Broadband digital equity funds could go to help fund or support local news organizations that try to strengthen news in those communities. Local news as a partner to strengthen broadband and recipient of funds to achieve digital equity goals.
  
- **Q (Sen. Steve Stadelman):** Who made decisions around California fellowships logistically?
- **A (Mary Randolph):** Most went through UC Berkeley, so it took out some partisanship and they could provide editorial independence and support.
  
- **Q (Sen. Steve Stadelman):** Definition of local journalism was interesting. Were definitions among states similar?
- **A (Hannah Carroll):** Similar, in wide spectrum but with nuances. Combination of different aspects they use differ.
  
- **Q (Tim Franklin):** Early days on public policy initiatives, can you talk about the ones you think are most effective so far from your research? Or is it too early to tell what's working well?
- **A (Mary Randolph):** Pretty early to tell, especially with grant and fellowship programs. They don't have a ton of metrics of success. Grant program issue is they have to keep going back to legislation to get more funding. Because they're giving so many grants, some have done well, but others it can be hard to tell. Grant program has some things to consider before implementation. Fellowship considering sustainable support, providing with news deserts. Partnerships with universities are great to provide mentorship and support. No matter the policy, having a team like that is important.
- **A (Hannah Carroll):** Lots of these policies don't have concrete numbers of success. Advertising set aside in NYC allows government to become aware more of these outlets. And benefitting a large amount – 230 outlets in one city. Government being more intentional and aware of these outlets is beneficial.
  
- **Q (Sam Fisher):** Did you look at California journalism preservation act? AB886
- **A (Hannah Carroll):** In longer report
  
- **Q (Jesús Del Toro):** Among all the options you reviewed, do you think the state could provide these, such as state tax subsidies? An expert mentioned we need to spend money for the future – is there insight of what exactly we should fund or do, especially for smaller media outlets? Need more insights
- **A (Mary Randolph):** There are state initiatives for tax credits. Subscription tax credits in some other states are pending. Payroll tax credits are solely in federal conversation but could be state level conversations. As for tax exemptions, Washington has passed them.
- **A (Hannah Carroll):** To create a 21<sup>st</sup> century journalism that involves technology and is digital – make high quality content experience so users want to look at more articles. Interactive, quick load times. Want to ensure audience stays with media outlet rather than going on to read one article.

**Public Comment:** No members of the public offered comment.

**Adjournment:** Meeting was adjourned by Chairman Stadelman at approximately 12:30 p.m.