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OPINION

Pooled Journalism Funds Could Help Save Local Newspapers

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The civic health of communities across the country was dealt yet another blow last month when the hedge fund Alden Global Capital announced it would acquire [Tribune Publishing](#). If past is prologue, Alden's takeover means major jobs cuts and shuttered newsrooms at such storied institutions as the *Chicago Tribune*, the *Hartford Courant*, the *New York Daily News*, the *Orlando Sentinel*, and many others in cities large and small.

This troubling development did come with one bright spot. A nonprofit supported by Maryland business executive and philanthropist [Stewart Bainum Jr.](#) acquired the *Baltimore Sun* and several other newspapers in the state from Tribune Publishing rather than see them decimated by Alden. Bainum's Sunlight for All Institute intends to operate the newspapers "for the benefit of the community," the [Sun reported](#).

The divergent paths taken by Alden and Bainum illustrate the two increasingly common ways local journalism is financed: by investors with little connection to the communities in which their publications operate and by philanthropists and civic leaders who see the publications as essential community assets. The first option is unsustainable, and the second is often unrealistic since wealthy philanthropists like Bainum can't save every struggling local newspaper in the country.

Fortunately, there is a third option and one that philanthropy should enthusiastically embrace — pooled funds or giving circles to support local media. Imagine if local philanthropic, civic, and business leaders joined forces and dedicated, say, 2 percent of the charitable funds they invest annually to a "Fund for Local Journalism" in their communities.

A smattering of such pooled funds exist across the country, although on a much smaller scale than is needed.

The Central Valley Community Foundation in Fresno, Calif., for example, established a fund for donations from institutions and individuals to support the *Fresno Bee* and other local journalism projects. As of January, it has raised \$1.6 million.

In New York City, where media coverage of city hall and the five boroughs has diminished in recent years, the Charles H. Revson Foundation, which I lead, joined forces with the Leon Levy Foundation, Craig Newmark Philanthropies, and many other donors to establish the [City](#), a digital news start up.

Donor collaborations like these are widely used to support a range of philanthropic causes, and they provide a model for what local journalism needs now. In the past few years, competition from Facebook, Google, and other social-media sites has cost city and regional publications much of the local advertising and circulation revenue that enabled them to keep local reporters covering city hall, courthouses, and school boards. Since 2004, [more than 25 percent of local news outlets](#) have shut down entirely, resulting in the loss of 50 percent of local reporting positions. Three investment companies, including Alden, now [own 45 percent of daily news outlets](#), with no clear path to profitability other than further cost cutting.

Fake News

Alarmingly, the void created by the collapse of local news is increasingly filled by [some 1,300 websites masquerading as local news organizations](#) but mostly financed by partisan and ideological groups.

The problem goes far beyond journalism. A growing body of evidence shows that when local coverage declines, municipal borrowing rises because government expenditures aren't scrutinized, participation in elections decreases, and political polarization increases. Accountability in policing, education, and public health is harder to achieve.

In the past decade, nonprofits backed by foundations, individual philanthropists, civic leaders, and businesses, have taken the lead in sustaining or reviving local journalism. Membership in the [Institute for Nonprofit News](#), which seeks to support these efforts, has grown to 250 newsrooms. One-third are primarily oriented toward local reporting, up from 25 percent three years ago. A number of large newspapers, including the *Philadelphia Inquirer* and the *Salt Lake Tribune*, have converted from for-profit to nonprofit status, as have smaller chains such as the 14 community newspapers owned by [New Jersey Hills Media Group](#).

Some of these efforts to invigorate local news coverage have the backing of a wealthy donor, but for the most part, the nonprofits sponsoring them have to raise money themselves. That takes experience most people involved in journalism don't have and puts the credibility of the reporting at risk. Newspapers have long dealt with accusations that publishers or advertisers have too much influence over what appears on their pages. The same criticism could be leveled against large donors, including Bainum, who is active in Maryland Democratic politics.

2% for Journalism

What these news outlets need is a means of financial support that allows them to operate efficiently and independently. That's where pooled funds and giving circles come in. If every foundation in the country committed 2 percent of its total grant making (nearly [\\$76 billion in 2019](#)) to local and state news coverage, they could generate \$1.5 billion annually. That's less than the [\\$2.3 billion average annual drop](#) in newspaper revenues from 2008 to 2018, but it's sufficient, if used wisely, to rebuild a strong base for local journalism.

Right now, philanthropic giving is nowhere near that number. Foundations invested just \$1.3 billion in journalism during the past decade, according to a recent [Candid report](#).

A local journalism fund could function like community foundations or local United Ways, drawing on contributions from individuals and institutions that have a clear stake in the future of their communities. It could even operate as a restricted account at a community foundation or other local organization.

A just-released [report](#) from Report for America, which relies partly on donations to place young journalists in under-covered communities, has identified 10 instances nationally of community foundations setting up special funds to support local journalism. In 2020, its partner newsrooms received 64 grants through community foundations totaling \$1.3 million, up from just \$326,000 in 2019.

To ensure independence, local journalism funds would draw from as many funding sources as possible; establish a governance structure representative of a broad cross-section of community interests, and put policies in place to ensure support only goes to nonpartisan outlets that produce trustworthy content and have editorial independence.

These funds should also address inequities. A [report released this week](#) by the Knight Foundation, Google News Initiative, Democracy Fund, and Impact Architects found that poorer and more diverse communities receive significantly less philanthropic investment in journalism. The foundation offers a [tool kit](#) to help grant makers measure the health of local media and determine where investments are needed most.

Funds could potentially be used for a broad range of investments, including venture capital to seed new local journalism efforts, as well as helping to expand and sustain existing outlets, including public media. In addition, funds could be deployed as a local match to attract national resources such as collaborations with reporting outlets like ProPublica and to defray the cost of hiring local journalists through programs such as Report for America, which requires that the news organization, often working with local donors, pay half a reporter's salary.

These local funds could build on other efforts already underway. For instance, the [Rebuild Local News](#) coalition has proposed incentives to empower Americans to buy advertising, subscribe, or donate to their local news outlets. Such approaches can help improve financial sustainability but will not be sufficient without a bedrock of local civic leadership, philanthropy, and readers willing to nurture local journalism as a valued community asset.

Philanthropy cannot afford to sit back while local journalism continues its downward spiral. In the past, local news coverage has amplified the very community issues and policy changes grant makers support. Now, with newspapers on the ropes, philanthropy, with a small commitment of funds, can return the favor — and do itself a favor in the process.

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PHILANTHROPISTS

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Julie Sandorf

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