How Big Is the Reporting Gap?

To save journalism, we must understand what we've lost — and what's worth saving

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Introduction

Newspapers have been the primary producer of journalism in America for more than two centuries. But the newspaper industry is in steep decline, and the financial hit from the COVID-19 global pandemic has accelerated the fall. While there is no shortage of analysis on the reasons for this decline, it's clear that there's no going back to the newspaper industry's halcyon days.

The newspaper industry, policymakers and advocates for quality journalism must acknowledge that the internet's ability to lower entry barriers for content production and distribution renders the old newspaper commercial-business model inoperable. We can lament the changes brought by the move of information (and ad revenues) online, but that won't change the fact that newspapers no longer have a near-monopoly on the production and distribution of daily-updated local news and information.

Newspaper journalism still has immense social value both to those who read it and to many others whose lives are impacted by the reporting.

So the central question for those who want to see journalism thrive remains unchanged: How should society respond to the decline in the output of high-quality local news?

Before we can answer that question, we must first understand what's been lost — and what's worth saving.

The fundamental statistics for the newspaper industry are bleak and show that the private market for local journalism has failed:

- Since the peak in 2000, the U.S. newspaper industry has seen a 66-percent decline in inflation-adjusted revenues, with a 77-percent decline in inflation-adjusted print-advertising revenues.

- These revenue declines have resulted in massive job losses. The overall newspaper industry has lost 65 percent of its employees since 2000, and 55 percent of its reporting jobs since the post- millennium peak year of 2005.

Advertising-supported industries are typically vulnerable to economic recessions. The impacts hit these businesses early, and their recovery lags behind the rest of the economy. Sometimes a recession can result in or accelerate industrial realignment, with no typical federal stimulus capable of producing a return to normalcy. This is the situation the newspaper industry has faced.

The 2001 and 2008 recessions, combined with the internet's fundamental change in how people access real-time information, have placed the local-newspaper industry in a state of emergency that the COVID-19 pandemic's impact on advertising revenues has further accelerated.[1] If history is any guide, it's unlikely that much of these lost revenues will come back even as the economy stabilizes.

Journalism is needed to inform the public and preserve our democracy, but it has become a lousy business. Both print newspapers and online-only journalism outlets are accelerating layoffs during the COVID-19 crisis even as they enjoy large increases in readers.[2] Not enough people place a high enough value on quality journalism (particularly local journalism) to pay for it directly (and some who do can't afford to subscribe). Plus there's simply too much non-journalistic content competing for eyeballs and the advertising dollars that follow. What's more, much of the industry is now owned by predatory hedge funds that planned deeper cuts well before this current economic downturn, which is providing them with the opportunity to race faster toward the bottom.

<u>For the advertising-supported local newspaper industry, recovery may not be possible.</u> While a few national papers and privately owned chains are seeing glimmers of hope with subscription growth, most for-profit local newspapers cannot make the math work. The reality is stark: The journalism industry — particularly quality local reporting on important civic matters — will not produce the output needed for a healthy democracy *without* a massive increase in public funding.

Congress demonstrated with the CARES Act, which passed in March, that it's willing to enact sector-specific relief measures, having set aside billions for the airline, cargo and public-transit industries. And with the HEROES Act, which passed the House but has not yet been taken up by the Senate, legislators showed they are willing to give special treatment to local-news organizations by allowing individual local-media outlets to apply for grants meant for small businesses, even if these outlets are controlled by giant corporations and hedge funds.[3]

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[1] For example, Gannett reported a 30-percent decline in revenues during April 2020 compared to the same month last year. While some of this decline is due to secular trends, it appears the majority of the impact was COVID-19 related. When reporting its results for the first quarter of 2020, Gannett estimated that the COVID-19 crisis led to a $17-million decline in revenue the last two weeks of March. If we include this $17 million with Gannett's reported first-quarter 2020 revenues, we see that the company's revenues declined approximately 10 percent on a pro forma basis compared to the first quarter of 2019. However, it appears that the tax benefits from the CARES Act and Gannett's ongoing post-merger cost-cutting will more than offset whatever impact the company will experience from the global pandemic. See Gannett Co., Inc. Presentation at 15th Annual Needham Virtual Technology & Media Conference, May 20, 2020.

[2] *See e.g.,* Kristen Hare, "Here are the newsroom layoffs, furloughs and closures caused by the coronavirus," Poynter, June 16, 2020. *See also, e.g.,* Monojoy Bhattacharjee, "As publisher traffic continues to surge, local news sees an 89% boost," *What's New in Publishing*, April 8, 2020 (citing ComScore data comparing the week of March 16–22 to the week of Feb. 17–23, which showed visits to local-news sites were up 89 percent, and were 30 percent higher than the prior week).

[3] "Cantwell, Boozman, Klobuchar, Ernst, Schumer Introduce Bipartisan Bill to Make Local Media Outlets Eligible for Federal COVID-19 Support," Press Release from the Office of U.S. Senator Maria Cantwell, May 13, 2020.

Free Press has questioned the wisdom of provisions that offer temporary relief to failing giant newspaper firms instead of sustainable support to their workers to produce local journalism.[4] But we are encouraged by the growing support in Congress to address the local-journalism crisis.[5]

As we argued in our recent Free Press Action report on what a journalism-recovery package should include, if legislators want to save jobs, get the economy back to prosperous growth and ensure the public has access to critical information, Congress needs to enact specific journalism-industry relief measures, especially measures that address the local-newspaper industry's market failures.[6] Congress must not stand by while the few thousand remaining reporting jobs are lost forever. It must do more to save these jobs and ensure local communities have access to vital news and information during this pandemic, leading into the fall election and beyond what could be a long and painful economic recovery.

But even if congressional action manages to save local-journalism jobs in the short term, the industry's long-term woes are not going away. If policymakers truly want to preserve local journalism, they must build a bridge to a sustainable future.

To build this bridge, policymakers need to have targets in mind: How should public support flow to journalism and how much support is needed?

In this paper, we quantify the size and amount of the "reporting gap." This concept seeks not to simply account for what has been lost across the entire newspaper industry, but what has been lost specifically at the core of local journalism's mission: *reporting*.

While there can be much debate about the optimal level of local reporting needed to meet community needs and address market failure, our approach defines the reporting gap as the lost employment and wages from the peak year for local reporting across all industries. Thus, while this analysis does not quantify the "right" level of employment or wages for journalists, it does offer policymakers a clear sense of what has been lost and what they should work to restore.

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[4] See "Free Press Action Concerned That Journalism-Recovery Package Favors Large Conglomerates, Won't Help Reporters Who Need it Most," Free Press Action Press Release, May 12, 2020. See also, Elias Leight, "Restaurant Chains Took Loans Meant for Small Businesses. Will Radio Conglomerates Do the Same?" Rolling Stone, May 14, 2020.

[5] *See, e.g.*, "Blumenthal, Markey Call to Support Local Journalism Amidst COVID-19 Pandemic," press release from the Office of U.S. Senator Edward J. Markey, April 8, 2020. *See also, e.g.*, "Brown Calls for Support for Local Journalism Amidst COVID-19 Pandemic," Press Release from the Office of U.S. Senator Sherrod Brown, April 9, 2020. *See also, e.g.*, "Congressman Tim Ryan Urges House Speaker Pelosi to Provide Assistance to Local Media Outlets and Journalists," Press Release from the Office of U.S. Congressman Tim Ryan, April 16, 2020.

[6] Craig Aaron and S. Derek Turner, "What a Journalism-Recovery Package Should Look Like During the COVID-19 Crisis," Free Press Action, May 2020.

Our analysis indicates that the U.S. reporting gap is sizable but not insurmountable: a shortfall of between 15,000–21,000 reporting jobs, at an annual wage value of between $830 million and $1.2 billion.[7]

Given the overall size of the U.S. economy relative to the size of the reporting gap — and considering the societal value of in-depth local journalism — there's no excuse for continued inaction. Policymakers must step up now to address local journalism's fiscal crisis.

The Declining U.S. Newspaper Market

The scope of the collapse of local-newspaper jobs is sobering:

- The United States lost nearly 326,000 newspaper industry jobs between 1990–2019 — a staggering 71-percent decline (see Figure 1 below).[8]
- These 325,000 lost jobs correspond to a loss of $13.24 billion in inflation-adjusted wages (see Figure 2 below).[9]
- While the industry saw slow employment declines during the 1990s, the losses accelerated following the 2001 recession, and did so again during the Great Recession of 2008–2009.
- Nearly 60 percent of the jobs lost in the newspaper industry since 1990 were shed since the end of 2008.
- In the past 15 years, the number of reporters working at U.S. newspapers declined by 55 percent.

[7] The lower bound of these ranges reflects the absolute gap between 2005–2019, and the upper bound reflects the gap adjusted for population growth.

[8] The data in Figures 1 and 2 are derived from the Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW). Elsewhere, we analyze similar occupational BLS data generated through the Occupational Employment Statistics (OES) Survey. These two data sets produce slightly different estimates for wages and employment levels due to differences in when and in what manner each survey was administered.

[9] Inflation-adjusted wages based on mean wages using Bureau of Labor Statistics values for the Consumer Price Index for Urban Consumers (CPI-U).

Figure 1:

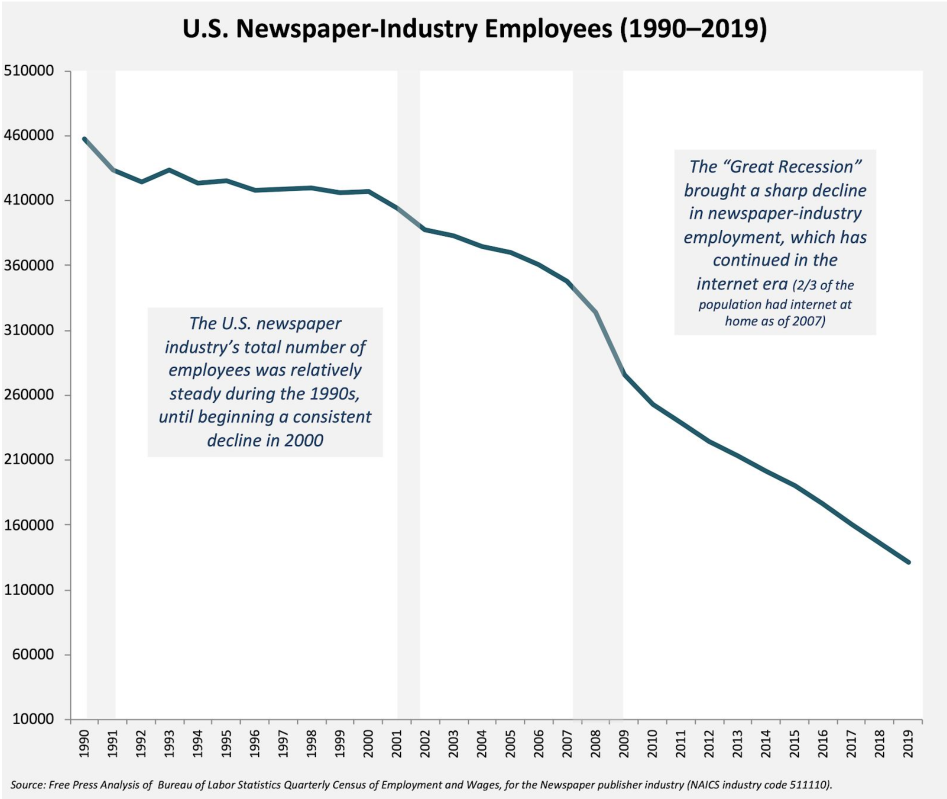
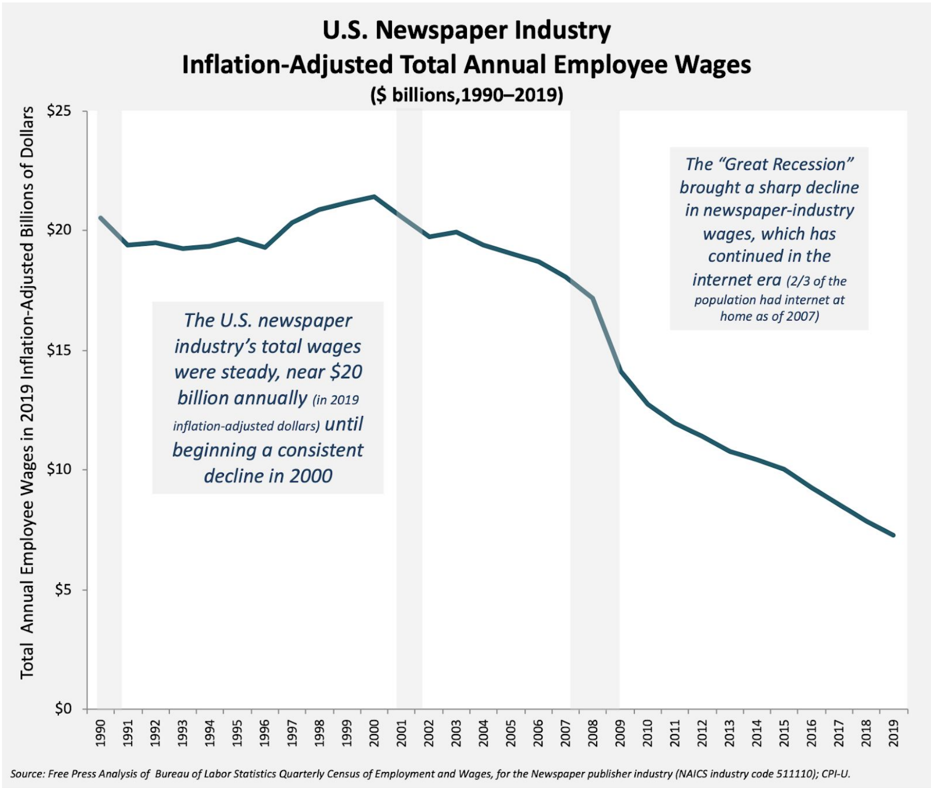


Figure 2:



The loss of any job is troubling. But the bulk of the newspaper industry's job losses came from positions involved in printing, distributing and marketing a physical daily paper. These losses, while lamentable, aren't directly related to the core function of *local reporting*.

Figure 3 describes the changes in employment for select newspaper-industry occupations since 2005 (the last year the total number of reporting jobs increased). Over the past 15 years, more than one-third of the newspaper industry's lost jobs came from positions in printing and material transport, occupations that are necessary for a print-centric journalism operation but not for the production of online journalism.

Figure 3:

Newspaper Industry: Select Occupations, 2005 vs. 2019

Occupation Category	2005 Employment	2019 Employment	Difference	%
Reporters & Correspondents	37,480	16,800	-20,680	-55%
Editors	29,010	16,400	-12,610	-43%
Graphic Designers	13,650	6,470	-7,180	-53%
Advertising sales agents	30,960	16,920	-14,040	-45%
Production (printing)	51,590	12,780	-38,810	-75%
Transportation and material moving	54,950	13,010	-41,940	-76%
Office and administrative support	76,920	27,420	-49,500	-64%
All other occupations	79,020	27,420	-51,600	-65%
All Newspaper Industry Jobs	373,580	137,220	-236,360	-63%

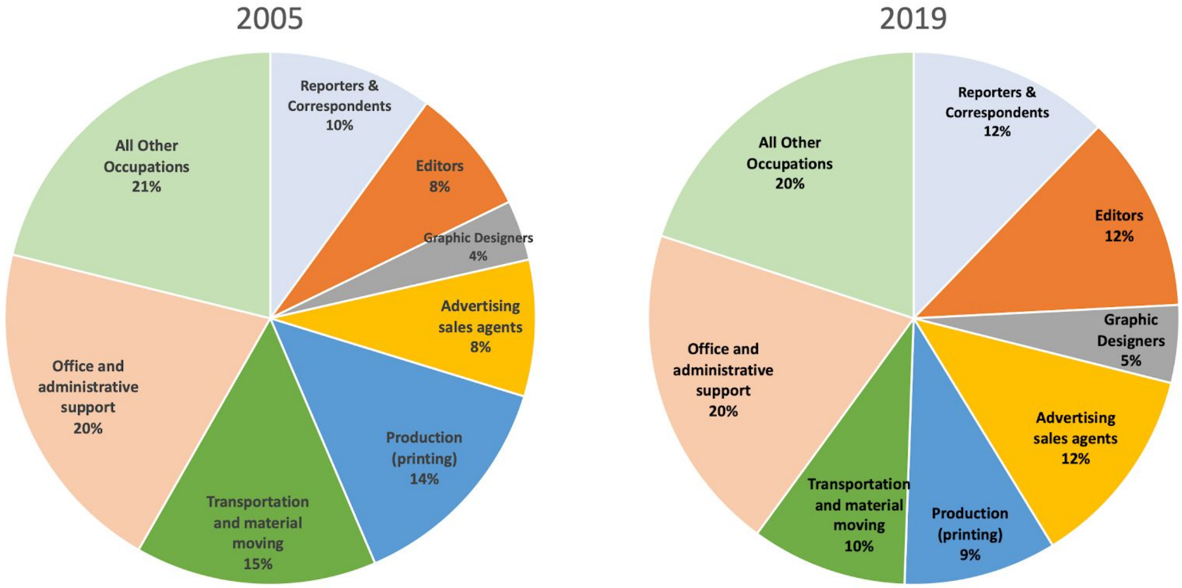
Source: Free Press analysis of Bureau of Labor Statistics Occupational Employment Statistics Survey data for the Newspaper Publisher industry (NAICS industry code 511110).

While the entire newspaper industry lost 63 percent of its jobs since 2005, these print-centric occupations saw larger relative declines. This resulted in core newsroom positions making up a greater proportion of all of the industry's remaining jobs. In 2005, for example, reporters, correspondents and editors comprised 18 percent of all newspaper-industry jobs. By 2019 these positions accounted for nearly 25 percent of all newspaper-industry employment (see Figure 4).

While newsroom employment fared better than newspaper production and transportation employment, the decline in these core occupations has been brutal. The peak year for employment of reporters in the newspaper-publishing industry was 2005, with 37,480 such positions. By 2019, the newspaper industry had lost 55 percent of its reporting jobs, ending the year with 16,800 such employees. And these jobs have seen negative real-wage growth since the Great Recession, with average inflation-adjusted annual wages of $48,458 in 2008, declining to $45,110 in 2019.[10]

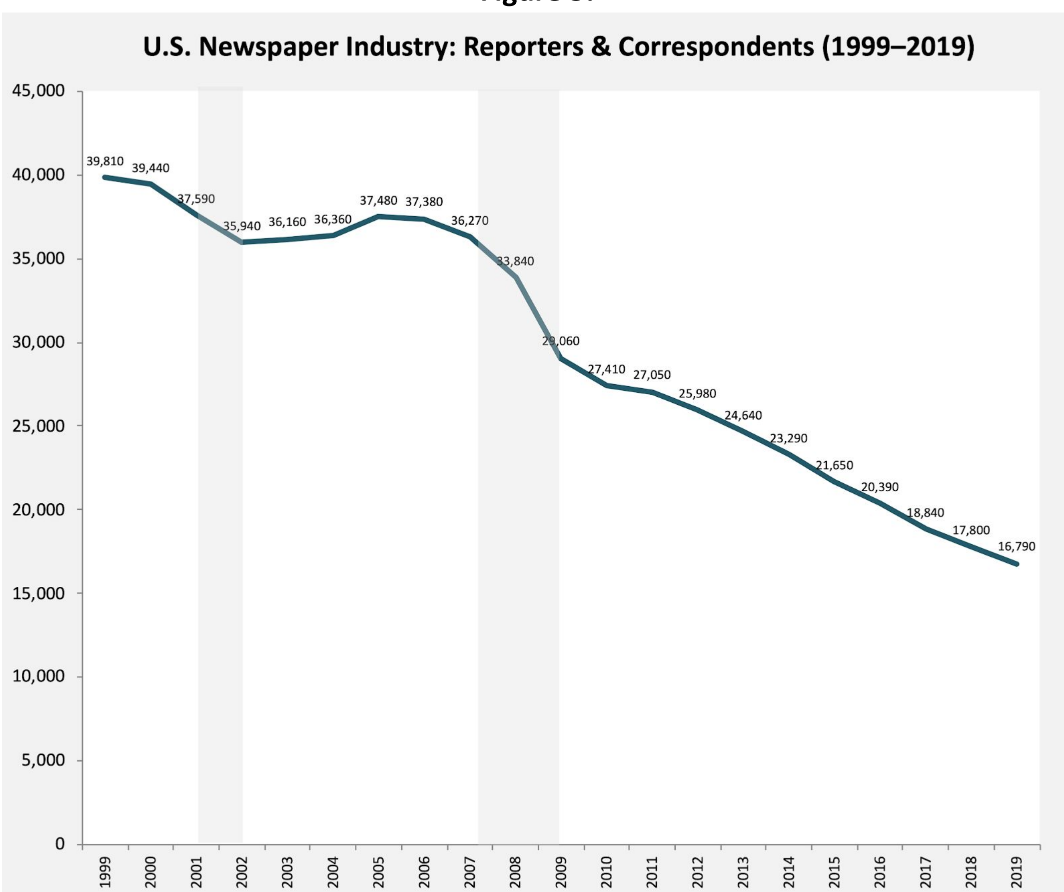
[10] Value expressed in 2019 inflation-adjusted dollars, using CPI-U.

Figure 4: Share of Newspaper-Industry Jobs by Occupation Type (2005 vs. 2019)



Source: Free Press analysis of Bureau of Labor Statistics Occupational Employment Statistics Survey data for the Newspaper Publisher industry (NAICS industry code 511110).

Figure 5:



Source: Free Press analysis of Bureau of Labor Statistics Occupational Employment Statistics survey data for the Newspaper Publisher Industry (NAICS industry code 511110).

As Figure 5 shows, the 2008–2009 Great Recession brought a sharp decline in newspaper-reporting jobs, dropping 20 percent between the end of 2007 and the end of 2009. As was the case with the overall newspaper industry, the rate of reporting-job losses accelerated after this recession (with a compound annual growth rate of −5.1 percent). The rate of decline was sharper following the 2008–2009 advertising downturn than it was following the 2001 recession.

It's likely that the current COVID-19-related advertising downturn will cause an even more dramatic drop in newspaper-industry reporting jobs, further accelerating the downward trend even after the economy recovers. If the pandemic hadn't occurred, we would have expected to end 2020 with approximately 16,000 newspaper-industry reporting jobs. But if the COVID-19 recession has the same impact as the Great Recession, we could end this year with only 14,000 newspaper reporters, marking a 50-percent decline since 2010. Of course, it could get much worse.

The lack of newsroom diversity is a deep-rooted problem that's drawn renewed attention in 2020 as protesters have taken to the streets to demand racial justice, and reporters and editors have attempted to cover the uprisings and challenge inequities in their own institutions. According to 2018 Pew data, 77 percent of U.S. newsroom employees are non-Hispanic white, compared to 65 percent of U.S. workers in all professions. Newsroom workers are also more likely to be male: 61 percent are men, compared with 53 percent of all U.S. workers.[11]

Unfortunately, we don't have more precise information on *exactly* who is losing their jobs in the current crisis. The BLS data doesn't include demographic information, and the newspaper industry stopped publishing its comprehensive annual racial-diversity survey after 40 years because numerous outlets stopped participating; just 17 percent of U.S. newsrooms submitted data in the last survey in 2017.[12] It may be reasonable to assume that outlets hesitated to report this information because they weren't making progress on diversifying their newsrooms. What is clear is that any public support to fill the reporting gap would need to take equity into account and use funds to help rectify existing disparities.

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[11] Elizabeth Grieco, "Newsroom employees are less diverse than U.S. workers overall," Pew Research Center, Nov. 2, 2018.

[12] *See, e.g.,* Rick Edmonds, "Merged news editors group is canceleing its 2020 conference," Poynter, March 6, 2020. *See also, e.g.,* "News Leaders Association Calls for Structural Changes on Newsroom Diversity," News Leaders Association, June 11, 2020. The News Leaders Association is reportedly restructuring its survey approach. *See* Meredith D. Clark, "A view from somewhere: What White managers need to know," Poynter, June 12, 2020.

Journalism's Market Failure

It's inherently difficult to quantify the societal impact of these losses — and to estimate which of these impacts (if any) has been offset through other means.[13] But empirical research strongly suggests the decline in journalism output had a range of societal harms.[14] Journalism is, in economic terms, close to a public good.[15] And like other public goods, journalism is prone to market failure.

In this case, the failure is under-production due to free-riding. This under-production is a market failure because journalism produces positive social externalities. For example, reporting on public corruption can influence voters and shape policy responses that benefit a wide variety of people, many of whom may not be familiar with the original reporting.

During the newspaper industry's peak era, the industry's ability to capture ad revenues produced a level of local-newspaper output that cannot be supported in today's diffused internet-attention economy. Today advertisers are able to find audiences, particularly localized audiences, without relying on newspapers' ability to capture that audience's attention.

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[13] See below for an analysis of the change in reporting employment in other industries. Marshall McLuhan's oft-quoted theory that "the medium is the message" holds some truth in that the product of local-newspaper or digital-newsroom reporting is of such a fundamentally different form than local-television reporting that the former's *potential* impact on democracy is likely far more substantial than the latter's. While there's been some growth in recent years in the number of working TV reporters, there's little evidence that this growth is replacing the lost output due to the decline in local-newspaper reporting jobs.

[14] *See, e.g.,* Meghan E. Rubado and Jay T. Jennings, "Political Consequences of the Endangered Local Watchdog: Newspaper Decline and Mayoral Elections in the United States," *Urban Affairs Review*, April 3, 2019. *See also, e.g.,* James M. Snyder Jr. and David Strömberg, "Press Coverage and Political Accountability", *Journal of Political Economy*, 118:2. 355–408 (2010). *See also, e.g.,* Joshua P Darr *et. al*., "Newspaper Closures Polarize Voting Behavior," *Journal of Communication*, 68:6, 1007–1028 (2018). *See also, e.g.,* David C. Coulson and Stephen Lacy, "Television Reporters' Perceptions of How Television and Newspaper Competition Affects City Hall Coverage," *Mass Communication and Society*, 6:2, 161–174 (2003). *See also, e.g.,* Lee Shaker, "Dead Newspapers and Citizens' Civic Engagement, Political Communication," 31:1, 131–148 (2014). *See also, e.g.,* Jeffery J. Mondak, "Newspapers and Political Awareness," *American Journal of Political Science*, 39:2, 513–527 (1995). *See also, e.g.,* Pengjie Gao *et. al*., "Financing Dies in Darkness? The Impact of Newspaper Closures on Public Finance," J*ournal of Financial Economics*, 135:2, 445–467 (2020). *See also, e.g.,* Alicia Adserå, "Are You Being Served? Political Accountability and Quality of Government," *The Journal of Law, Economics, & Organization*, 19:2, 445–490 (2003). *See also, e.g.,* Matthew Gentzkow *et. al.,* "The Effect of Newspaper Entry and Exit on Electoral Politics," *American Economic Review*, 101:7, 2980–3018 (2011). *See also, e.g.,* Sam Schulhofer-Wohl, "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).

[15] The original production and distribution of journalism is non-rivalrous (e.g., one person's decision to read the morning paper doesn't preclude another person from doing so) but excludable (e.g., a newspaper can use a paywall). But the information itself, once produced, becomes more like a public good in that the news can be spread to non-subscribers via a variety of means. In this way, journalism is a "common good," a concept with varying definitions that are not as rigid as the economic concept of a public good. For further discussion of attempts to quantify journalism's societal value outside of the direct revenues it generates, *see* Anya Schiffrin, "Book Aims to Pin Down Economic Return on Investigative Reporting," Columbia Journalism Review, April 11, 2017.

Consumer demand for information is as high as it ever was. But with an infinite number of words accessible via the internet, newspapers cannot maintain their pre-internet output supported solely by advertising. This is the hard truth, and it's the case whether or not Google and Facebook are broken up or otherwise heavily regulated.[16]

What's more, this trend is accelerating and will likely be exacerbated by the pandemic's impact on the ad industry. As Figure 6 shows, the print-newspaper industry's rate of ad-revenue decline was smaller in the aftermath of the 2001 recession (−1.8 percent Compound Annual Growth Rate (CAGR) from 2002–2006) than in the aftermath of the Great Recession (−8.1 percent CAGR from 2010–2018).[17] While there are some bright spots in digital-ad growth, the reality is that for every new dollar of digital-ad revenue, the U.S. newspaper industry loses $10 in print-ad revenue.[18]

Unlike print-ad revenues, print-subscription revenues have not been decimated in the post-Great Recession era (see Figure 6). This is because newspaper firms are continually raising subscription fees on the ever-dwindling number of subscribers. However, subscription revenues cannot replace lost ad revenues, even though there are now ways to price discriminate to find those with the highest willingness to pay for newspaper journalism.

In the pre-internet era, subscription revenues were a fraction of total revenues (approximately 20 percent in 1998) and were largely a means of offsetting the costs of printing and distributing paper copies to readers.[19] (Of course, subscriptions were a means of obtaining knowledge about who newspapers readers were, information that was valuable to attracting advertisers). Subscription revenues now account for 42 percent of print-newspaper revenues, which will grow in relative terms as ad revenues continue to plummet.[20]

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[16] We also believe efforts to make Google and Facebook pay *directly* for local newspapers' financial shortfalls are doomed to fail, whether that's through direct "link taxes" or other measures, or by lifting antitrust laws to enable newspaper firms to collude to demand such payments. As we discuss herein, taxing and redistributing advertising revenues is a far better approach to addressing the public-goods problem created by information production and distribution in the internet era. *See, e.g.,* Josh Taylor, "Facebook and Google to be forced to share advertising revenue with Australian media companies," *The Guardian*, April 19, 2020.

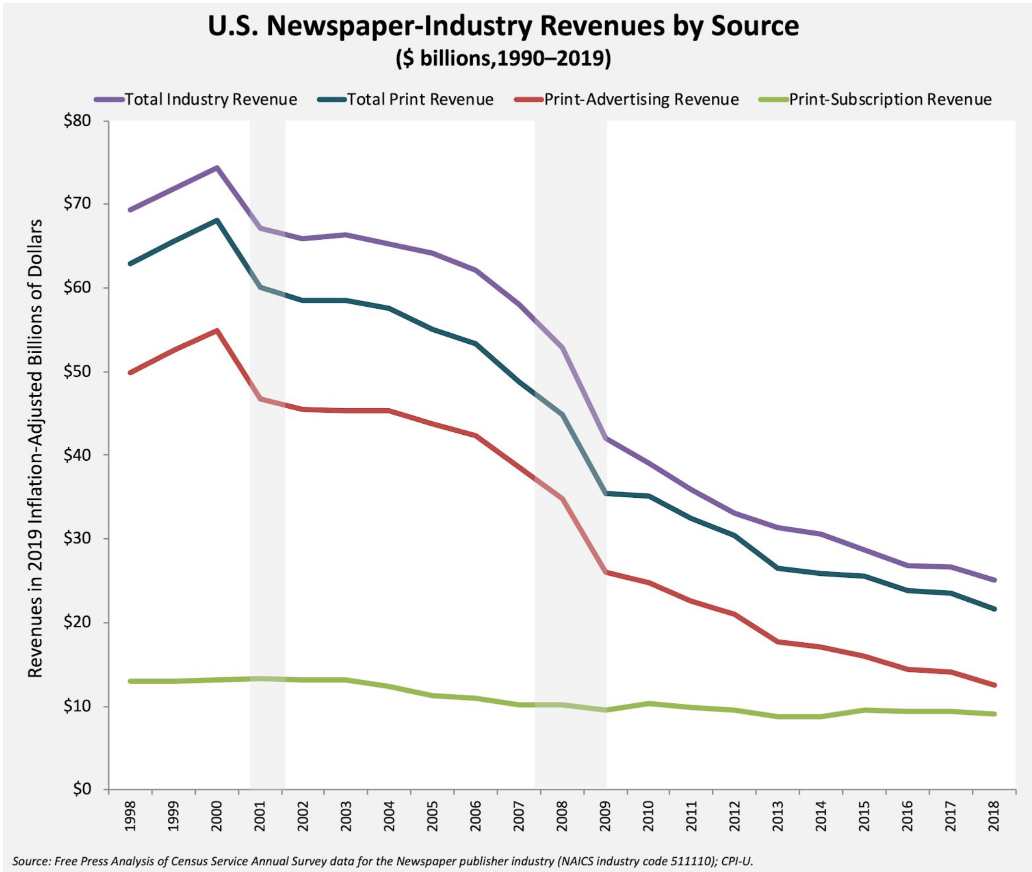
[17] Free Press analysis of data from the U.S. Census Bureau's Service Annual Survey.

[18] Free Press analysis of data from Kagan, a media research group within the TMT offering of S&P Global Market Intelligence.

[19] Free Press analysis of U.S. Census data.

[20] Free Press analysis of data from the U.S. Census Bureau's Service Annual Survey.

Figure 6:



While some major newspaper companies are seeing growth in a subscription-focused model (e.g., The New York Times Company, McClatchy), others are not (e.g., The Los Angeles Times Communications LLC). And while national papers like *The New York Times* may have a chance at making paywalls work, local newspapers are unlikely to pull off this feat. McClatchy is a prime example: It recently implemented paywalls and initially saw positive growth in digital revenues and subscriptions.[21] But this was short-lived and didn't come close to replacing the revenues the company continues to lose in the traditional print segment.

It's not surprising that McClatchy finds itself on the losing side of this paywall-balancing act. Demand on either side of this two-sided market — by local-news readers or the advertisers that pay to reach them — is not high enough at the price points that would be required to produce the minimum level of journalistic output a democratic society requires. Building paywalls may in the long run be a

[21] McClatchy implemented paywalls widely in 2018, which led to a sharp drop in unique monthly website visitors but a 55-percent increase in digital subscriptions during 2018 (52,600 new subscribers). This decline in web traffic wasn't material to the bottom line, as McClatchy's 2018 digital revenues increased 35 percent, and digital-ad revenues grew 5 percent. But because both digital subscriptions and ads fetch less revenue than print subscriptions and ads, McClatchy's total ad revenues declined 16 percent during 2018, and subscription revenues declined by 7 percent. McClatchy continued to see digital-only subscription growth during 2019 (63,700 new subscribers) but saw a decline in digital-ad revenues (−$1.4 million, −16 percent), total ad revenues (−$80 million, −19 percent), total subscription revenues (−$18 million, −5 percent) and total revenues (−$98 million, −12 percent).

solution that generates more revenue than digital ads alone could produce. But even with massive growth, these revenues would be a fraction of what the newspaper industry generated less than two decades ago.[22]

Whether or not the newspaper industry's output during its peak era was optimal (either in quantity or quality), the ability to support that output in a commercial market relied on market structures that are gone forever. If the policy goal is to replace this lost output — more of which will be lost in the coming months — the government must enact policies that incentivize or directly support journalism production in both commercial and noncommercial forms.

Defining the Problem: The Reporting Gap

The peak era of local-newspaper reporting was possible in large part due to local newspaper firms' ability to monopolize a particular type of two-sided market: attentive readers of the written word, shown advertising purchased by businesses seeking to reach a particular local audience.

The internet's ability to offer an infinite amount of content to anyone with a connection has irreversibly altered the old economic order for local-advertising markets. This lowering of information-access barriers, along with decades of consolidation and mismanagement, has created an enormous decline in the number of people working to gather and distribute in-depth local news. The newspaper industry's decline created a deficit in the output of local-news reporting, and this deficit has had and will continue to have negative societal impacts. We view this deficit as a public-good market failure: The private market's mechanisms will never produce the optimal amount of local-news reporting.

In response, policymakers need to address the market failure in local journalism. There are numerous interventions that can address the deficit in the production of high-quality local journalism. These range from very indirect interventions, such as special tax status for local-media outlets, to more direct solutions like government-funded news operations. Free Press has suggested a range of such

[22] This is likely true even if the additional expenses of maintaining a print operation disappear. During 2019, McClatchy's compensation expenses totaled $252 million, with $770 million in other expenses. The company brought in $127 million in digital-only ads (down $25 million from 2018 even as total web traffic and digital subscriptions grew) and $321 million in total subscription revenues (print- and digital-subscription revenues are not reported separately). Thus, even if McClatchy managed to convert all of its print subscribers to digital only — at the same price — it's likely the company would operate at a loss even if it eliminated all of its print-related expenses. This is, of course, speculation based on limited information from one recently bankrupt company and may not be true for all firms or newspapers in other markets. But it illustrates the steep climb on the path to viability that local newspapers face.

options, with interventions aimed at both addressing the immediate funding crisis in local journalism and building a bridge to a sustainable future.[23] Others have also offered valuable proposals.[24]

Many of these policy options ultimately involve devoting additional resources to local reporting to make up for some of what's been lost from the decline in the local-newspaper industry. Quantifying the "right" amount of journalism output, or even the form of that output, is beyond the scope of this analysis. We begin by simply quantifying the dollar amount of lost reporting jobs and reporting payroll from the prior-peak year of 2005. While the occupations and their wages alone do not equate to the monetary value of "journalism," we believe that reporters are *the* critical element in the production of news.

Quantifying the loss of these reporting jobs (and the wages journalists earned) is a good starting point for determining the scope of the public investment needed to produce the journalism necessary for a well-functioning democracy. And while we've discussed why the loss of non-reporting newspaper jobs is not directly related to the impact on journalism itself, we recognize that reporters do not operate in a vacuum; other newsroom positions, such as editors, are critical to serving the public's information needs. Thus our analysis, while centered on the need to immediately increase the number of local-reporting jobs, also explores the gaps in other critical newsroom occupations.

We emphasize that our estimate for the reporting gap represents the net loss of reporting jobs and their associated wage value. This dollar value is lower than the total payroll costs for the lost reporting jobs (payroll costs include wages as well as the employer's share of payroll taxes and other employee benefits). The ultimate cost to address the crisis in journalism will depend on the policies adopted.

For example, in our recent paper on journalism-recovery policies, we put forth a number of proposals that taken together had costs above $5 billion. These proposals were not only aimed at closing the reporting gap but at offering newsrooms financial support to retain existing reporters during the COVID-19 pandemic, as well as other financial assistance for newsrooms beyond reporters' salary costs. Those proposals are critical to prevent the reporting gap from growing.

In the long run we believe that policymakers must move beyond protecting what little is left and take concerted action to restore what's been lost. The analysis below can inform proposals to close this reporting gap at the local level, either through indirect subsidies or by directly using public funds.

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[23] *See e.g.,* Craig Aaron, "Journalism Needs a Stimulus. Here's What it Should Look Like," *Columbia Journalism Review*, March 24, 2020. *See also, e.g.,* Craig Aaron and S. Derek Turner, "What a Journalism-Recovery Package Should Look Like During the COVID-19 Crisis," Free Press Action, May 2020.

[24] *See e.g.,* Steve Waldman, "Curing local news for good," *Columbia Journalism Review*, March 31, 2020. *See also, e.g.,* Alissa Quart, "The journalism emergency, and how to pay for it," *Columbia Journalism Review*, June 10, 2020. *See also, e.g.,* "Press-Freedom, Social-Justice Groups Call on Congress to Fund Journalism and Treat Local News as Essential Service During Pandemic," Free Press Action, PEN America and Common Cause press release, April 8, 2020. *See also, e.g.,* Frank Blethen, "Save the Free Press Initiative Seeks Solutions for Local Journalism," Seattle Times, May 1, 2020. *See also, e.g.,* "Life-Saving News Needs a Stimulus," NewsGuild-CWA Executive Council, April 1, 2020.

Quantifying the Reporting Gap

As seen above in Figure 5, the last time the number of "Reporters and Correspondents"[25] working in the U.S. newspaper industry increased was in 2005. During 2005, 37,480 reporters worked in the U.S. newspaper industry, earning an average inflation-adjusted wage of $47,058 per reporter (value in 2019 dollars). In 2019, the number of newspaper reporters declined to approximately 16,790, with an average annual wage of $45,110.[26]

On a per-capita basis, this represents a decline from 1.3 newspaper reporters for every 10,000 people in 2005 to 0.5 newspaper reporters for every 10,000 people in 2019.[27] Thus, compared to the peak in 2005, the 2019 *newspaper*-reporting gap on a per-capita basis corresponds to approximately 26,000 jobs with annual collective wages of $1.2 billion. (On an absolute basis, the gap is 20,660 newspaper reporters with collective wages of $932 million.)

[25] The Bureau of Labor Statistics (BLS) Occupational Employment Statistics Survey classifies and characterizes a large number of occupations within every industry. In 2019, the BLS provided data for 115 specific occupations in the Newspaper Publishing Industry (yet another classification), and these 115 "detailed" occupations were further grouped into broader occupational categories (e.g., "Editors," "Technical Writers" and "Writers and Authors" are each unique occupations that belong to the "broad" category of "Writers and Editors," which along with other occupations is classified in the "minor" category of "Media and Communication Workers," and that category is a subset of the "major" category of "Arts, Design, Entertainment, Sports, and Media Occupations).

[26] The BLS survey is not perfectly consistent from year to year. Between 2004–2018, the OES survey tracked the category of "Reporters and Correspondents" (OES code 27-3022). Prior to this, the OES tracked only the "broad" category of "News Analysts, Reporters and Correspondents" (OES code 27-3020). The 2019 OES no longer offers information for OES code 27-3022 but includes a new "detailed" category of "News Analysts, Reporters and Journalists" (OES Code 27-3023). However, according to the prior OES surveys the "News Analyst" occupation is actually composed of "Broadcast News Analysts" (OES code 27-3021). For 2018, the broad category of "News Analysts, Reporters and Correspondents" reflected 17,850 employees in the newspaper-publishing industry, comprising 17,800 employees in the detailed category of newspaper "Reporters and Correspondents" and 50 in the detailed category of newspaper "Broadcast News Analysts." Thus, it's likely that the directly comparable 2019 figure for "Reporters and Correspondents" that excludes news analysts is only slightly below 16,820.

[27] We present these figures on a per-capita basis to account for population growth. However, while there are economies of scale in the act of reporting, the precise nature of these scale economies is unknown. It's clear that there are economies of scale in newspaper *firms*, such that per-capita comparisons of *outlets* in one local area to the number in another local area are misleading. For example, San Antonio has approximately five times the population of Corpus Christi, Texas. But the city of San Antonio could not support five times the number of functioning newspaper *outlets* as Corpus Christi, in part because a single outlet needs to capture a threshold market share to be financially viable. (This impact of scale declines somewhat in an all-digital market, as newspaper production has large operating expenses related to the print product.) However, while there are economies of scale in firms and distribution, this is less so for coverage and reporting. The number of reporters required to adequately cover a local area does increase with size. This may not be a linear relationship, but i's likely closer to that than the relationship between the number of firms and population. Further complicating the analysis is population movement over time. Consider a hypothetical metropolitan market that did not grow in population but did become more suburban. The growth in the suburban communities would in theory require additional reporting for those areas, growth that is not necessarily offset by a reduction in the optimal level of reporting jobs for the urban metropolitan core.

Newspapers, however, are not the only firms that employ reporters. In 2019, the information sector as a whole employed approximately 36,800 reporters.[28] Newspaper publishers employed most of these positions (approximately 45 percent), followed by television broadcasters (30 percent), internet firms (13 percent),[29] magazines and other print publications (5 percent), and cable and other television and telecommunications (approximately 7 percent). Total information-sector reporting jobs peaked in 2000 at approximately 54,400 jobs.

However, of these reporting positions, only those in newspapers, television and radio are primarily journalists covering local markets. Though notable online-only local-journalism experiments have emerged in recent years, most internet-only publishers, like magazines, are nationally focused. And though a few markets have local cable-news channels, most cable employees captured in the above data are reporters who work for national news firms.

What's more, the reporting produced by newspapers and digital newsrooms is fundamentally different from that produced by local TV and radio stations. But because we cannot quantify the number of reporting positions for any of these industries as local or non-local, we calculate the reporting gap based on the changes in *all* industries, with the newspaper industry's post-millennium peak year — 2005 — as the baseline.

The number of reporters employed in broadcast TV and radio appears to have peaked in 2000 at approximately 10,700 and 2,180 positions, respectively.[30] TV broadcasters started to see reporting-job growth after 2008. The radio industry saw reporting-job growth following a brief dip after the 2001 recession, but it has declined steadily since the Great Recession of 2008–2009 (see Figure 7). From 2005–2018, the number of reporters employed by broadcast-TV firms increased from 7,540 to 10,020, with real 2019 dollar wages decreasing slightly from \$68,320 to \$65,400. Between 2005–2018, the number of reporters employed by broadcast-radio firms decreased from 1,750 to 1,660, with real 2019 dollar wages increasing from \$51,628 to \$61,350.

Though the BLS does not report occupation data for internet-only news outlets, we can estimate the number of online-only reporters based on the data for the industry classified as "Other

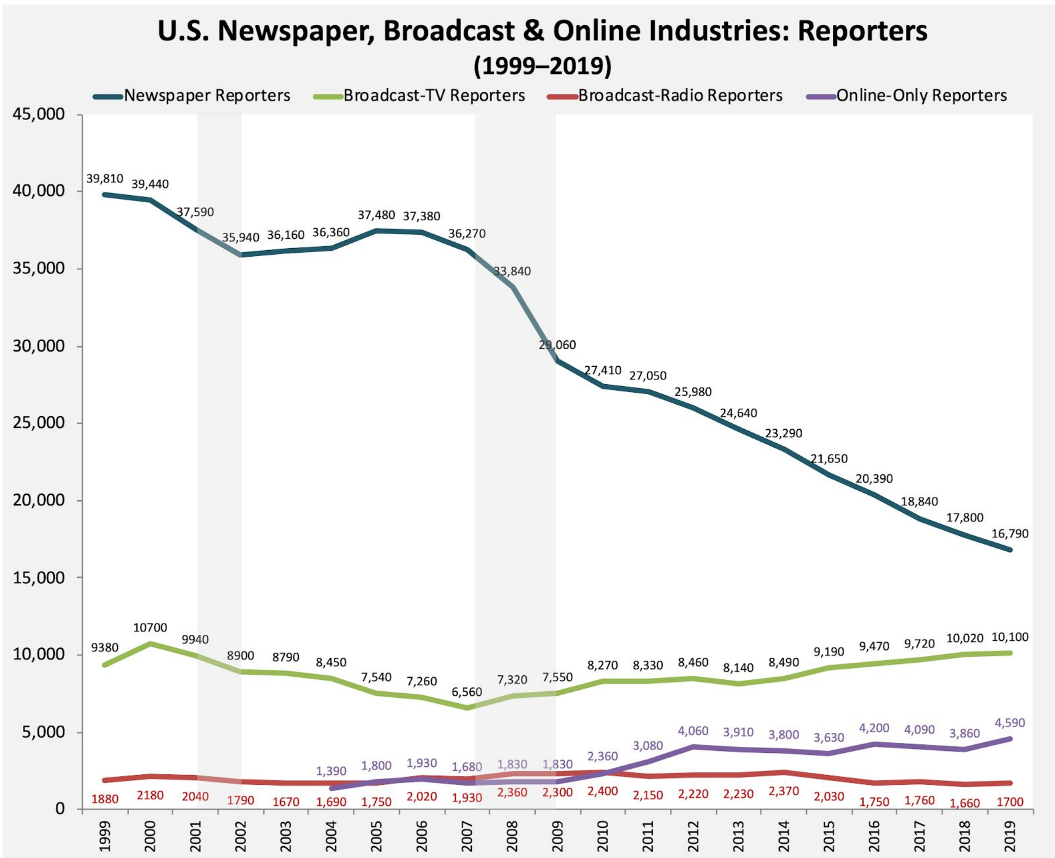
[28] The 2019 OES lists only the broader category of "News Analysts, Reporters and Journalists," with 42,560 such positions (with non-information sectors such as colleges and universities bringing the nationwide total to 44,100). However, the 2018 OES detailed category of "Reporters and Correspondents" was 35,880, approximately 86 percent of the number of positions in the broader "News Analysts, Reporters and Correspondents" category.

[29] While the OES does not specify digital publishers, it does report the number of positions at "Other Information Services" firms, which counted 3,860 "Reporters and Correspondents" in 2018 (with 4,180 total "News Analysts, Reporters and Correspondents" in that year's survey). The 2019 survey reported 5,100 "News Analysts, Reporters and Journalists" in the "Other Information Services" industry, with most of these likely reporters and correspondents. In the 2004–2007 surveys, the OES included a separate industry category for "Internet Publishing and Broadcasting" that grew its "Reporters and Correspondents" positions from 90 to 370 as the then-separate category of "Other Information Services" grew its reporting positions from 1,390 to 1,680. We estimate that approximately three-quarters of the current reporting positions in the "Other Information Services" sector are those at internet-only news outlets.

[30] Free Press analysis and estimates based on OES data for "Television Broadcasting" and "Radio Broadcasting" firms (NAICS codes 515120 and 515110).

Information Services."[31] This industry's reporting jobs numbered 1,800 in 2005 (with 2019-adjusted average wages of $72,150), and increased to 3,860 positions in 2018 (at average wages of $66,638 in 2019 dollars). The remaining information sector saw flat job growth (240 new positions) between 2005 and 2018.

Figure 7:



Source: Free Press analysis of Bureau of Labor Statistics Occupational Employment Statistics survey data for the Newspaper Publisher, Broadcast Television, Broadcast Radio, and Other Information Industries (NAICS industry codes 511110, 515110, 515120, 519100).

Put together, these data indicate that the total number of U.S. information-sector reporting jobs in 2005 was 51,350, declining to 36,800 such positions in 2019. This is a decline of 14,550 reporting jobs on an absolute basis at an approximate total annual-wage value of $830 million. On a per-capita basis, these figures indicate an approximate decline of 21,000 reporting jobs at an approximate total annual-wage value of $1.2 billion.[32]

The estimate of the reporting gap at somewhere between 14,550 and 21,000 reporting jobs with an annual value of between $830 and $1.2 billion rests on a host of assumptions and the choice of the peak year for newspaper-industry reporting employment as the baseline. Had we chosen the peak

[31] NAICS code 519110.

[32] The decline on a per-capita basis is from 1.73 reporters per 10,000 persons in 2005 to 1.1 reporters per 10,000 persons in 2019. We present the per-capita data because the nature of scale economies in *reporting* are unclear. *See supra* note 26 for further discussion.

year for the entire information-industry sector (2000), the gap would be larger.[33] If we had access to comparable historical data before 1997, the gap would likely be even larger.[34]

But even if we have good reason for choosing the year 2005 as a baseline, our analysis is limited solely to the specific gap in *reporting* positions. Had we chosen to include non-reporting but critical positions like editors, the gap would be larger still (e.g., the size of the entire newspaper industry's annual-wage gap since the year 2000 is more than $13 billion in inflation-adjusted terms). As discussed above, the bulk of the newspaper industry's employment and wage losses come from occupations that were directly involved in the production of a printed product distributed on a daily basis, jobs that are not needed for the purposes of producing and distributing in-depth local reporting in the digital age.

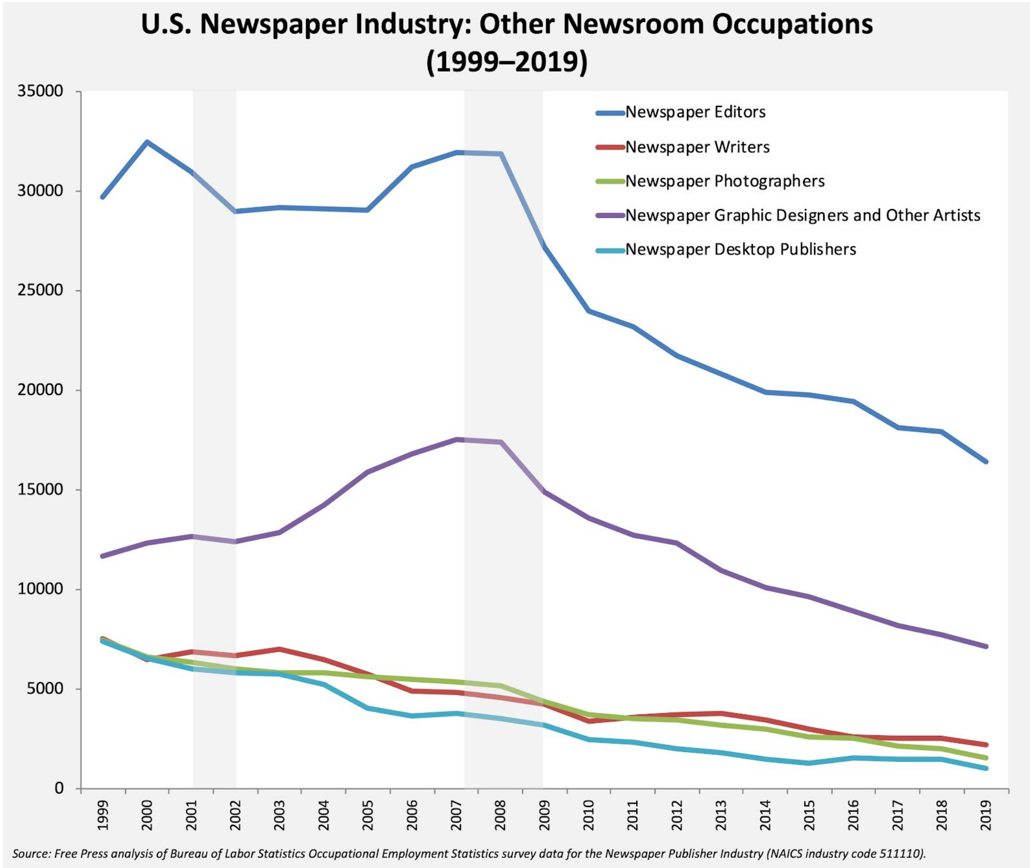
Even in the digital age, reporters need editors. Indeed, since 1999 the U.S. newspaper industry has employed approximately one editor for every reporter. Online-only outlets appear to employ *two editors for every reporter*, though this may be more a function of how online outlets aggregate other outlets' original reporting. The U.S. newspaper industry has lost more than 15,000 editing jobs since the year before the Great Recession (see Figure 8). Other newsroom positions like photographers and designers have seen similar relative declines from their pre-Great Recession levels, with the remaining reporters and editors often required to take photographs and lay out their stories for publication.

If we account for the decline in other newspaper newsroom staff since the Great Recession, the size of the reporting gap could be more than three times higher. It's important for policymakers to understand the range of the gap, but they should ultimately focus on investing new resources to dramatically increase the output of local journalism. Our approach, though more conservative than other measures, reflects the *direct* loss in local reporting. We believe our estimate is a reasonable starting point for policies that are designed to increase the supply of local *reporting* that — while mirroring the function of newspaper journalism — is not necessarily tied to the production of newspapers.

[33] The fact that the entire U.S. economy was in the midst of a large financial bubble during 2000 adds complexity to the exercise of determining a target number for the optimal number of reporters.

[34] For example, if 10 percent of the newspaper industry's employees in 1990 were reporters, this would be the peak year. Unfortunately we do not have access to comparable historical data for this or earlier periods (such as the post-World War II era when many cities had robust and sometimes competing newspapers).

Figure 8:



Conclusion: Congress Must Close the $1-Billion Reporting Gap

U.S. newspapers have seen a 55-percent decline in the number of reporters since 2005. Even if we account for the growth in reporting jobs at television and nationally focused online outlets, the reporting gap is still substantial at nearly 15,000 jobs. If we account for population growth, the size of the reporting gap is closer to 21,000 lost jobs and $1.2 billion in lost annual wages. The overall newsroom gap, which also accounts for the decline in editing, writing and other core journalism occupations, is more than three times as large as the reporting gap.

The reporting gap continues to grow. So too do the societal costs of the decline in the production of high-quality local journalism.

The failure of the commercial-journalism market is illustrated perfectly by the fact that *right now*, at a time when there's an urgent need for quality local reporting, the institutions best able to serve that need are cutting their newsroom staff at an alarming rate. While Congress has been willing to allocate *trillions* to ensure the bottom doesn't fall out of the stock market, so far legislators have been largely unwilling to do anything to close the $1-billion reporting gap.[35]

Investing $1 billion a year to close the reporting gap — which amounts to less than half of 1 percent of the cost of the CARES Act — would be a small price to pay given the immense benefits to an informed public and a democratic society. Or, to look at it another way, the U.S. federal budget is $4.8 trillion; closing the reporting gap would amount to 0.02 percent of that amount. And unlike other federal spending, it would be an *investment in democracy* that would pay dividends in immeasurable ways.

While the short-term relief approach of the CARES Act may have helped many companies survive the lockdown-created economic downturn, it did not stop the continued hemorrhaging of newsroom jobs. Few local newspaper firms were able to qualify for or willing to sign up for the Paycheck Protection Program, and it remains unclear which firms accessed CARES Act Treasury Program funds. And even if they did obtain some of this funding, it would be just a temporary reprieve. Many U.S. newspaper firms are drowning in debt and have no viable path to profitability, certainly not one that also enables them to adequately serve the information needs of their local communities.

This report focuses on quantifying the reporting gap. But like most other fixtures of the American economy, the journalism industry has a diversity and equity gap. This gap has a profound impact on the profession's ability to meet the public's information needs. While we do not offer detailed proposals here on exactly how to close the reporting gap if funds were available, we emphasize the need to address not only the shortfall in the number of working journalists, but the urgent need to confront the racial, ethnic and gender disparities that plague newsrooms across the country.

There is no quick fix to the journalism industry's woes. But there are many good ideas for how to best ensure the sustainable production of in-depth reporting that local communities and our democracy itself needs to survive and thrive.

The time to act is now. Absent this kind of intervention, the reporting gap will continue to grow — and so will the broader societal costs resulting from insufficient coverage of matters of public importance.

[35] In addition to the $1.5 trillion of spending appropriated in the CARES Act and subsequent relief bills, the U.S. Federal Reserve pumped more than $2.3 trillion into the economy during March and April through the purchasing of bonds and "repo market" cash-for-debt swaps. *See, e.g.,* Heather Long, "The Federal Reserve has pumped $2.3 trillion into the U.S. economy. It's just getting started," *Washington Post*, April 29, 2020. *See also, e.g.,* Sara Foster, "The repo market, explained — and why the Fed keeps pumping hundreds of billions into it," Bankrate, April 29, 2020.