

Small newspapers grow ever more dependent on government-required public notices

By [David Westphal](#)

A decade ago, in the midst of a dramatic decline in advertising revenue, predictions were rife that the newspaper industry would soon lose a pillar of its weakening business model — paid public notices.

Government-required public notices have been published in newspapers since colonial times, generating a steady and profitable income stream, especially at small weeklies. But the advent of websites operated by federal, state and local governments gave politicians a money-saving opening to redirect public notices to their own sites.

Overwhelmingly, that simply hasn't happened. Despite **growing legislative challenges**, newspapers have managed to retain nearly all their public notice business. And for many, it has become indispensable to survival.

U.S. newspapers have lost about three-fourths of their advertising dollars since hitting a **record-high \$49.4 billion** in 2005. By contrast, Richard Karpel, executive director of the **Public Notice Resource Center**, conjectures that newspapers' public notice income has remained stable to down slightly.

The upshot is that public notices now provide a huge percentage of income for community newspapers. Jake Seaton, who is about to launch a **Kansas-based company** that aims to facilitate the public notice business, said some publishers have told him it's their primary source of income. And because the costs of obtaining that revenue are exceedingly small, it's an even larger portion of newspapers' profitability.

When newspapers and their lobbyists tell legislators, as they sometimes now do, that loss of public notice income would shutter many newspapers, they aren't bluffing. It would undoubtedly be a mass extinction event.

"The newspapers I know are just hanging on by their thumbs," said Cynthia Prairie, CEO of **The Chester Telegraph**, a digital news site in Vermont.

No one knows how much money newspapers receive from public notice postings. But there are hints of its dimensions. For example, in a 2017 battle with Chris Christie, then-governor of New Jersey, the New Jersey Press Association said the state's newspapers had **\$32.3 million of income** from public notices the previous year. If that's anywhere near representative of the nation as a whole, it would mean U.S. newspapers receive hundreds of millions of dollars from public notices.

While small newspapers are most dependent on this revenue, larger newspapers benefit as well. On a recent weekday, Newsday published [24 public notices](#) ranging from bids on a new school roof to coronavirus-related information. The Wall Street Journal continues to do a modest public notice business, reporting fewer than 1,000 notices in the last three years. But the rates are steep. A four-inch legal notice published nationally costs almost \$10,000, according to a [calculator on the Journal's website](#).

But public notices are most valuable to community dailies and weeklies which, despite their small size, nevertheless benefit from multiple local agencies that are required to post notices.

The industry's success in retaining this business has proven to be crucial. With advertising revenue already sharply depleted, newspapers have lost even more retail ads during the coronavirus pandemic, resulting in **staff layoffs and even newspaper closings**.

Simultaneously, the need for viable local news institutions has rarely been greater, given the confluence of nationwide protests, Great Depression-level unemployment and the coronavirus.

This is also a moment when the debate about government support for news has shifted, with growing numbers of news executives and some politicians saying state, local and federal governments should consider helping to preserve local news. A **remarkable letter** sent in April by 10 news organizations called on the U.S. Senate to consider increasing government subsidies for local news.

Historically, newspapers and their trade groups have refrained from discussing the impact of public notices on their bottom line. But that has started to change.

The Tampa Bay Times, in a February **editorial opposing** a proposal to take public notices out of Florida newspapers, said the lost revenue “would be particularly painful for smaller newspapers that are often the sole independent source about what local government is up to in their communities.” In the New Jersey fight, newspaper officials warned that the proposed law could **cost 300 newspaper jobs**.

In both cases, the challenges to existing public notice statutes failed. The newspapers' legislative victories in recent years appear to have carried into the 2020 legislative session as well. So far, modest setbacks have occurred only in Indiana, New York, Kentucky and Virginia, according to the Public Notice Resource Center, a nonprofit that promotes the value of newspaper-published public notices.

In legislative fights, the focus is usually on public notice provisions affecting governmental units — meeting and hearing announcements, financial reports, budget proposals, zoning changes and the like. But for most newspapers, the larger chunk of revenue comes from notice requirements on the commercial sector. They include categories like debtor property auctions, formation and dissolution of corporations, permit and license applications and so on.

In New Jersey, the newspaper association estimated that **77% of the public notice revenue** in 2016 was from non-governmental sources.

As a result, the newspaper industry points out that taxpayer savings would be relatively small if newspaper publication was no longer required. Stephen Key, executive director of the **Hoosier State Press Association**, estimates the savings per Indiana adult at 50 cents per year. “I’ve never heard any average Hoosier say that’s an outrageous waste of their tax dollars,” he said.

Newspapers’ success at defeating most legislative proposals owes to a variety of weapons — their statehouse lobbying strength, publishers’ personal relationships with legislators and prominent editorials, for example. They’ve also somewhat neutralized the digital argument by providing free posting of public notices on their own websites and industry websites, in addition to the paid print publication. Traffic on newspaper websites far exceeds that of government sites, they say.

But mostly, newspapers rely on research showing that, for all the assumptions made about the internet’s triumph over print, newspapers remain the best vehicle for alerting citizens about important government business, especially in small towns.

“When we read a newspaper, the tactile, contemplative experience and the size of its pages encourage us to find information we didn’t expect to see,” said the Public Notice Resource Center in a **report**. “Public notices don’t stand a chance (on the internet). They get lost and are easily hidden.”

While newspapers have succeeded so far in maintaining public notice income, that doesn’t mean their success will continue. In addition to legislative proposals to transfer notices to government websites, digital news startups have been agitating to get in the game.

The **New Haven (Connecticut) Independent**, one of the nation’s pioneering digital news sites, was one of the first to attract public notice business. Paul Bass, the site’s founder and editor, said the revenue, mainly from the city council and city clerk, amounts to about \$10,000 a year. Claire Schoen, board president of **the Connecticut nonprofit NancyOnNorwalk**, said the site brings in about \$5,000 from local and state governments.

Chris Krewson, executive director of **LION Publishers**, listed five other digital news sites as having attracted public notice business. Chris Krewson, executive director of [LION Publishers](#), listed five other digital news sites as having attracted public notice business -- [SweetwaterNow](#) (Wyoming), [Lake County News](#) (California), [Source Media Group](#) (Ohio), [The Chester Telegraph](#) (Vermont) and [Tube City Almanac](#) (Pennsylvania).

Local officials sometimes place these notices voluntarily, in addition to meeting the legal requirement of print publication. That’s the case for the 8-year-old **Chester Telegraph**. But the amount isn’t much.

“If we’re making \$2,000 a year from the notices and other advertising by the local governments, I’m happy,” said Prairie, its owner.

Prairie twice has traveled to Montpelier, the state capital, to argue that, as newspapers become increasingly weaker, digital news sites should be eligible for more of the public notice business. So far the answer has been no. Jay Allred, president of Source Media Group, has had the same experience, unsuccessfully challenging notice statutes in Ohio.

In a [2017 Columbia Journalism Review piece](#), Liena Zagare, publisher of the digital news site Bklyner, and her husband Ben Smith, now a New York Times media columnist, argued that public notice laws were propping up “a kind of zombie print press” that make it difficult for community news startups to succeed.

As newspapers’ economic health weakens, and the pace of consolidation grows, owners have high motivation to maintain the status quo. Sue Cross, executive director and CEO of the [Institute for Nonprofit News](#), said this can create perverse incentives.

Cross said she’s had conversations with publishers interested in becoming digital nonprofits who have talked about “having to stay in print to retain (notice revenue),” she said. “I’ve come to wonder if paid legal ads have turned from lifeline into a trap.”

A decade ago, I [co-authored a report](#) with [Geoffrey Cowan](#) of the University of Southern California documenting ways in which governments’ longtime subsidies of newspapers and other news businesses have declined. The cutbacks, led by the virtual elimination of postal subsidies, have been especially hard on local news.

In that paper, we joined others in warning that the other big subsidy supporting local news — public notices — was also vulnerable and could disappear, creating news deserts across the country.

If and when newspapers fade away, though, it doesn’t necessarily follow that the public notice subsidies for local news need to die, too.

Even if governments redirect public notices to their own websites, local and state officials could follow the lead of the town of Chester, Vermont, and voluntarily place notices in their hometown digital news sites. Alternatively, legislatures and local governments could mandate that notices be posted at these digital sites.

Finally, since prevailing advertising rates at digital news sites are a fraction of newspaper rates, politicians could use the savings to subsidize local news in other ways.

The recent letter from news groups to Congress, for example, endorsed Steven Waldman’s [longtime proposal](#) to have governments place a greater share of general-purpose advertising

in local news outlets — military recruitment ads, census information, health alerts and the like. Waldman estimates that could mean \$1 billion or more in new revenue,

That and other ideas for government news subsidies are, of course, controversial. But public opinion may shift if more and more Americans find themselves with no practical way of getting information about their hometowns.

What's more, the controversy about news subsidies needs to be viewed in historical context. For more than 200 years, federal, state and local governments have been providing an indirect subsidy for local news in the form of public notices.

Most people would agree that, in terms of informing the public and helping underwrite local news coverage, it's worked out pretty well.

*David Westphal, a retired newspaper editor, is a senior fellow at the [Center on Communication Leadership and Policy](#) at the University of Southern California. Hanna Fahsholtz and Rachel Moran provided research.*