

Summary of Local News Funding Act

Introduced by Councilmember Janeese Lewis George

We need to fund local news.

A healthy democracy needs news reporting on matters of public interest, but the business of local journalism is withering away. Despite [innovative models](#) that are being tested in the District and around the country, a fundamental problem persists: in the internet era, there is not enough revenue to sustain quality reporting on important local affairs.

The Local News Funding Act directly confronts this problem by providing local news outlets with a source of ongoing public funding, with residents empowered to decide where the money will go. The Act would set aside 0.1% of the District's annual budget—\$11.5 million, based on the current budget—for a Local News Grant Program to fund outlets that report local news. As explained below, the grant amounts and recipients would be determined by the public through a system of “news coupons.” The Act would also create a new, independent Community Journalism Board in District government.

In addition to promoting the type of fact-based information that is essential to a functional democracy, the Act seeks to sustain a broad range of news outlets. Grant recipients could include the local section of a national newspaper; community-focused newspapers covering news that matters for Black readers, Spanish-speaking residents, or neighborhood-specific audiences; radio stations or podcasters; independent journalists; and breaking news sources on social media or platforms yet to emerge.¹

How do news coupons work?

Each news coupon represents a fraction of the total amount granted to all news outlets. If more people allocate more news coupons to a particular outlet, then the outlet will receive a larger share of the total.

Through a secure online system, each registered voter would receive 5 news coupons that can be allocated to any outlet that has registered with the Board. Outlets that receive at least 250 news coupons will receive a grant. Grants would be issued quarterly, and people can choose to re-allocate news coupons every quarter.

The value represented by a single news coupon depends on the total number of news coupons that are allocated to eligible news outlets in a quarter. If 10% of residents allocate their news coupons, then each coupon would be worth about \$9.78. And if 50% of residents allocate their news coupons, then each coupon would be worth about \$1.96. In either scenario, a single news outlet that receives 10% of the allocated news coupons would receive a redemption grant of about \$287,000 for the quarter.

Why news coupons?

While public funding will help local news thrive, allocating government grants among competing news outlets is fraught, both from a First Amendment perspective and from a journalism ethics perspective. It would be highly inappropriate for the government to pick winners and losers or provide cash as a reward, or apparent reward, for favorable news coverage of the government or its leaders. A system of news coupons solves this problem by empowering individual members of the public to allocate funding among news outlets.

¹ Limited exclusions are described at the end of this summary.

The news coupons concept is inspired by the “democracy vouchers” campaign finance system adopted in Seattle, where voters receive four \$25 vouchers that they may assign as publicly-funded contributions to participating political campaigns. The democracy vouchers system was [unanimously upheld](#) in a robust First Amendment challenge. The democracy vouchers system also relies in part on a secure online system, which would serve as a model for news coupons.

What does a news outlet need to do to receive grant funding?

To be eligible to receive news coupons, a news outlet must register with the Board and agree to meet requirements related to news reporting, disclosure, and the handling of program funds. In addition, a news outlet must receive at least 250 coupons to receive grant funding.

The news reporting requirements are basic and intended to confirm that the outlet is genuine. An outlet must report news as its primary activity, make its local news available for free, and distinguish local news from advertising.

To inform residents’ decisions about allocating news coupons, eligible news outlets must also disclose the identity of their owners, any others who exercise control over the outlet, and its for-profit or non-profit status. In addition, news outlets must disclose whether they provide public access to their internal standards on editorial independence, corrections, and the labeling of commentary.

Finally, a news outlet must open a deposit account where the grant funds will be held separately until they are spent. To ensure compliance with the Act’s requirements, the District will have a lien on the deposit account and a security interest through an agreement with the outlet and the bank.

If a news outlet violates these requirements, the Board may take control of the account and disqualify the outlet from receiving grants, among other actions.

What other safeguards are included in the Act?

To protect the system’s integrity, the Act prohibits the buying, selling, and bartering of news coupons. Further, it would violate the District’s consumer protection law to make a false or misleading statement to induce the allocation of a news coupon.

In addition, the Act forbids a District employee from using official authority to influence the allocation of news coupons or directing a subordinate’s allocation of news coupons. District employees also are prohibited from owning or controlling a registered news outlet. These restrictions are similar to the “Local Hatch Act” restrictions on employees’ participation in political campaigns.

Who would run the program?

The Act and the Local News Grant Program would be administered by a new, 7-member Community Journalism Board. The Board would also be authorized to issue journalism development grants to support training and technical assistance to news outlets and reporters.

The Board is intended to be as independent of political interference as an agency can be, consistent with current interpretations of executive power in the District. Each member would be appointed by a different official: the Mayor (with Council approval), the Board of Elections, the Board of Library Trustees, the Commission on Arts and Humanities, the District’s Attorney General, the State Board of Education, and HumanitiesDC (as the District’s humanities council under federal law).

Are there any exclusions from the Act?

Generally, the Act avoids content-based restrictions in recognition of important First Amendment principles. However, there are two narrowly drawn exclusions.

First, the Act defines “local news” to exclude reporting on professional sports and business marketing. Despite local teams, the professional sports industry serves international audiences and also is covered by national news outlets. Similarly, marketing publications are a form of advertising that is not intended to provide complete and reliable information. In both cases, the activities are outside the purpose of the Local News Grant Program, which subsidizes the publication of information about local public affairs.

Second, television outlets would not be eligible for the Local News Grant Program. This exclusion recognizes that the District already has a separate grant program to develop TV content that is aired on public, educational, and governmental channels and funded with cable franchise fees. Insofar as this program is a subject of franchise agreements between the District and cable providers, the agreements limit the District’s ability to change the program legislatively.