



# Digital First Media Membership Bulletin

November 14, 2018

## DFM Caucus begins six-month countdown to contract talks

[Alden Global Capital founder Randall Smith recently sold one of his many Palm Beach mansions for \\$5.5 million, according to the Palm Beach Daily News.](#)

The \$1.9 million profit on the sale – [purchased in a mansion-buying binge that began in 2013, after Alden became majority owner of DFM](#) – would cover an annual raise of more than \$3,900 for the 487 Guild-represented employees at 12 DFM newspapers nationwide.

That's a fact to keep in mind as the DFM Caucus begins the six-month countdown to full contract negotiations, which will begin next spring. All but one of 13 contracts will expire July 31. Leaders began intensive, joint strategy talks last month in Philadelphia to prepare.

There will be major issues to address in those negotiations, including escalating health care costs and DFM's refusal to increase pay for its award-winning employees, despite industry-leading profits of \$160 million in 2017.

During joint wage re-openers in 2017 and 2018, Alden rejected proposals for a wage increase, but had plenty of money to spend elsewhere – [including money that it siphoned from DFM to invest in Fred's, a failing pharmacy chain.](#) The investment has lost \$130 million in value.

Besides Fred's, Alden or its executives have invested in [a Russian steel and energy firm linked to Vladimir Putin](#), [Mexico's largest corporate slumlord](#), a coal giant fresh out of bankruptcy, Greek sovereign debt, boutique coffee shops, and swanky fitness centers – just about anything except DFM's newspapers and the hard-working employees who produce them each day.

Of Alden's intentions toward DFM, [industry analyst Ken Doctor says simply, "There is no other strategy than milking and continuing to cut."](#) Or, as Bloomberg's Joe Nocera wrote on Nov. 6, ["Their only goal is to suck out cash and redirect it elsewhere."](#)

Since 2012, Alden has cut more than 1,000 Guild-covered positions at a dozen newspapers – more than two-thirds of the workforce. More recently, since 2016, when the DFM campaign began, the Guild workforce at those same newspapers has been cut by half, from 975 to 487.

[Despite the claim of DFM Chairman Joe Fuchs that](#)



[the company had "ripped off the Band-Aid" during the layoffs earlier this year that sparked the Denver rebellion](#), DFM recently announced it would eliminate and out-source 107 jobs at a shared-service center in Colorado Springs. It has cut staff at the recently acquired Boston Herald from 240 to 100.

Leaders of the DFM Caucus always expected tough negotiations in 2019 and have been preparing accordingly. In Philadelphia last month, leaders agreed on a campaign plan through next spring, and strategy discussions continue regarding next year's bargaining.

DFM management has notified unions that it won't engage in joint negotiations in 2019 – but that merely increased the resolve of each bargaining unit to continue the coordinated campaign that began in early 2016, which led to a historic joint agreement and the first raise employees had received in years.

Stay tuned for news from your unit leaders about coming events in the DFM campaign as we prepare for the 2019 negotiations. Follow the campaign at [www.facebook.com/dfmworkers](http://www.facebook.com/dfmworkers) and on Twitter [@dfmworkers](https://twitter.com/dfmworkers), and check recent posts on Twitter by searching [#AldenExposed](https://twitter.com/hashtag/AldenExposed).



Stay in touch at [www.dfmworkers.org](http://www.dfmworkers.org) and its related social media sites: [@dfmworkers](https://twitter.com/dfmworkers) on Twitter, and [www.facebook.com/dfmworkers](http://www.facebook.com/dfmworkers).



## SAVING LOCAL NEWS: The elephant in the room

**Duke University's media center takes a well-researched look at local news decline. But will it tackle a major funder's role in exacerbating the problem?**

A recent report on the state of local news, published by Duke University's [DeWitt Wallace Center for Media and Democracy](#), shows that crucial news is severely lacking in many small U.S. communities, including some that are home to Digital First Media newspapers.

What it didn't address was whether and how news ownership – such as by Alden Global Capital, the hedge fund led by Duke alum and donor Heath Freeman – affects this demise of local coverage, though the study's author says future research will likely dig into that issue.

The study, "[Assessing Local Journalism: News Deserts, Journalism Divides, and the Determinants of the Robustness of Local News](#)," looked at 100 small cities across the U.S. and, after examining more than 16,000 news stories, found that only about 17 percent of the news stories provided to a community are truly local; eight communities had no stories addressing critical information needs; 12 communities contained no original news stories; and 20 communities got no local news stories.

In other words, the "news deserts" we feared will come are already here.

"This is a random sample of community journalism across the U.S." Napoli said in a phone interview. "We all assume this represents a shift, that these numbers represent (newsroom) declines starting years ago."

Napoli's team has [put their data collection online](#), so we took a look.

Of the 100 towns across the U.S., at least six are — or were — covered by Digital First Media newspapers. A number of others had newspapers owned by GateHouse, a chain controlled by an investment fund manager.



**News Desert**

The DFM towns examined include Boulder, Colo., and five California communities: Glendora, Pasadena, Vacaville, Antioch and Walnut Creek. (Digital First has shut down The Contra Costa Times, which once covered two of those towns: Antioch and Walnut Creek.)

Duke's findings add to the [growing body of research chronicling](#) the decline of local news coverage in the United States.

To be clear, the report didn't attempt to get into the causes of local news's death spiral. But Napoli [has since said](#) that future reports should include media ownership in the analysis "to see if ownership influences the quality and quantity of news and information provided to a community."

The University of North Carolina's Penny Abernathy [has already looked at this](#), and Napoli says he'll soon be working with Abernathy, merging their data to get even more informed results. Among the questions the next round of research could probe is how news ownership affects the type of reporting an outlet produces.

"Is it a hedge-fund-owned paper? If that is a variable that emerges as significant, that would be very interesting," Napoli said. "We could also look at family versus public ownership."

### The elephant in the room

Conversations among [prominent media watchers](#) about the Duke report have failed to note the elephant in the room: that one

of greatest contributors to the rapid decline of local news is a well-known Duke alum and donor, Heath Freeman. Freeman played football at Duke and he and his family have donated millions to the university.

Freeman is, of course, the budget-slashing president of hedge fund Alden Global Capital. Alden owns DFM, the news chain that's been laying off reporters at twice the national rate; shuttering and selling off newspaper offices, forcing employees to work from home or coffee shops; and refusing to give even cost-of-living raises while Freeman and his partner Randall Smith [live lavishly](#).

"It's just shameful," said [Lisa Krieger](#), a reporter at DFM's San Jose Mercury News and a Duke alumnus. "That is money that Alden Global Capital is taking away. Duke is profiting from it."

Earlier this year, after DFMworkers.org published articles detailing Duke's connections to Freeman, the NewsGuild sent a letter to Duke's president asking that the university cut ties with Freeman, a call that was brushed off by president Vincent Price's office.

But a student editorial in the Duke Chronicle pushed back: "As opinion journalists dedicated to commenting on the state of the University, we condemn the actions of those like Freeman who seek to destroy—whether intentionally or unintentionally—local journalism through self-serving capitalistic purposes."

Bill Adair, who heads the DeWitt Wallace Center for Media and Democracy, didn't respond to an email asking about the university's connections to Freeman. Still, the issue is likely to come up at an upcoming Duke summit on the crisis in local news.

The Freeman controversy "sort of reminds me of some of the other binds that I notice in this space," Napoli said. For example, he noted, "A lot of the funding that supports this kind of research comes from the tech companies that have hurt news revenue."

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