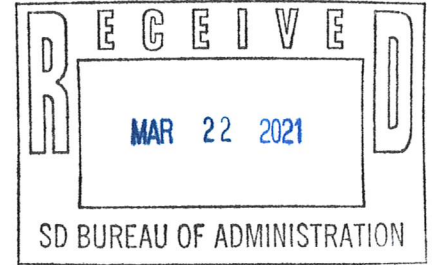




SDNA
SOUTH DAKOTA NEWSPAPER ASSOCIATION

We've got South Dakota covered.



Wednesday, March 17, 2021

Scott W. Bollinger, Commissioner
Bureau of Administration
320 N. Nicollet Ave.
Pierre, SD 57501

Dear Commissioner Bollinger,

The Board of Directors and the publishers of the 120 newspapers of South Dakota Newspaper Association appreciate the opportunity to consider an adjustment in the rates for publication of public notices in newspapers. The last increase of approximately 2 percent was in 2016.

We believe that an increase of 5 percent in publication rates is merited now and we urge the Bureau to propose rules as soon as possible that would reflect a 5 percent increase. This would equate to an increase of 1 percent each year since 2016.

Since 2016, the annual rate of inflation in the United States has averaged approximately 1.65 percent. Within the newspaper industry, newspapers have experienced significant cost increases since 2016 as well. For instance:

- The costs to mail newspapers via the USPS have risen at least 2 percent annually since 2016. For all South Dakota newspapers, mail delivery of their products is essential and reflects a significant portion of their ongoing fixed costs of production and delivery. For a rural state like ours, private delivery of newspapers is difficult and the U.S. Postal Service is an essential partner for publishers in the daily and weekly delivery of their products to subscribers and residents.
- The printing of the newspaper also represents a significant portion of a newspaper's ongoing, fixed costs and the commodity price of newsprint is a major factor in those costs. Publishers are experiencing an increase of 15 percent in the price of newsprint in the first half of this year when compared to the prices at the

end of 2020. According to the U.S. Bureau of Labor Statistics, the price index for newsprint has risen from 105% in 2016 to 140% at the end of 2020.

- Like all businesses, the costs of wages and health insurance have risen significantly as well since 2016. For example, the minimum wage in South Dakota has increased from \$8.65 per hour in 2017 to \$9.45 in 2021. These increases have put pressure on all wages and salaries to increase. Annual double-digit increases in the premiums for employer and employee health insurances have been all too common in the last five years.

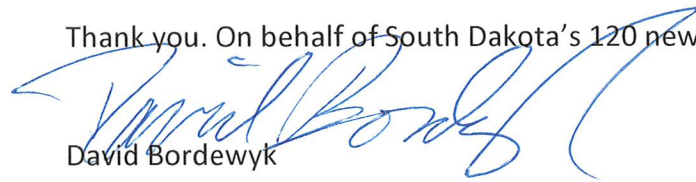
It should be noted that the required rates for publication of public notices remain far less than the open-market advertising rates that newspapers use for general advertising. To give you an example of this disparity, the price for a full-page retail advertisement in the Custer County Chronicle is \$945.00 (126 column inches at \$7.50 per column inch) while a full page of public notices in the Chronicle is billed at only \$282.16 (1,074 lines of type at .262718 per line).

Some may argue that an increase in the publication rates is not justified because newspapers are losing readers. This is false. To the contrary, newspaper readership remains strong today with the combined reach of both print and digital audiences. A 2019 statewide survey commissioned by SDNA and conducted by Pulse Research of Portland, Oregon, showed that 8 out of 10 South Dakotans read their local newspaper, both in print and digitally.

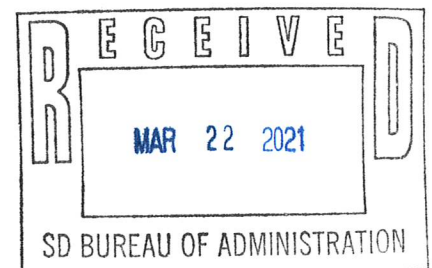
We recognize that government entities must operate within tight budget constraints. However, ensuring that the public is properly informed about the actions and deliberations of government bodies should always be a priority for all government entities. The costs associated with informing the public about the business and work of government should carry a fiscal priority in the budgets of all government entities. On average, the cost to local government entities (cities, schools and counties) to publish all public notices annually as required by law is less than ½ of 1 percent of their overall budget.

The statutory directive found in SDCL 17-2-19 in part reads: "The bureau shall annually review and adjust rates to reflect changes in economic conditions with the newspaper industry and the general economy." Given this state law and its instructions, along with the clearly demonstrated increased costs of "doing business" within the newspaper industry, we believe a 5 percent adjustment in the publication rates is merited.

Thank you. On behalf of South Dakota's 120 newspapers,



David Bordewyk
Executive Director



Enclosure: Public notice rate increases 2000 – 2020.

History of Rate Increases for Publication of Public Notices: 2000-2020

YEAR	PERCENT INCREASE	BASIC	
		LINE RATE WEEKLIES	PER COL INCH RATE DAILIES
2000	1.9	32.6 cents	\$5.10
2001	2.6	33.5 cents	\$5.24
2002	0	33.5 cents	\$5.24
2003	4.4	35.2 cents	\$5.48
2004	0	35.2 cents	\$5.48
2005	0	35.2 cents	\$5.48
2006	2.8	36.1 cents	\$5.64
2007	2.9	37.2 cents	\$5.81
2008	0	37.2 cents	\$5.81
2009	0	37.2 cents	\$5.81
2010	0	37.2 cents	\$5.81
2011	0	37.2 cents	\$5.81
2012	0	37.2 cents	\$5.81
2013	0	37.2 cents	\$5.81
2014	0	37.2 cents	\$5.81
2015	0	37.2 cents	\$5.81
2016	2	38 cents	\$5.93
2017	0	38 cents	\$5.93
2018	0	38 cents	\$5.93
2019	0	38 cents	\$5.93
2020	0	38 cents	\$5.93
TOTAL	16.60%		



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