



We've got South Dakota covered.

Wednesday, April 28, 2021

Scott W. Bollinger, Commissioner
Bureau of Administration
320 N. Nicollet Ave.
Pierre, SD 57501
(via email and USPS)

Dear Commissioner Bollinger,

The Board of Directors and the publishers of the 118 newspapers of South Dakota Newspaper Association appreciate the opportunity to consider an adjustment in the rates for publication of public notices in newspapers. We respectfully request that an increase of 5 percent in publication rates is merited 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 – the last time rates were adjusted.

Since 2016, the rise in the consumer price index in the United States has averaged approximately 1.76 percent annually, according to information from the Federal Reserve Bank of Minneapolis and the U.S. Bureau of Labor Statistics. 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 large, rural state like ours, private delivery of newspapers is not a viable business option 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 maximum rates for publication of public notices as set by administrative rule remain far less than the open-market display advertising rates that newspapers use for selling general advertising. The average display advertising rate in 2020 for all newspapers under 9,000 circulation was \$6.66 per column inch. An equivalent per-column-inch rate for publication of public notices in all newspapers under 9,000 circulation was \$3.04 (the same since 2016). To give you an example of this disparity, the price for a full-page retail advertisement in the Custer County Chronicle (paid circulation: 1,440) 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). For newspapers over 9,000 circulation, the average display advertising rate in 2020 was \$60.27 per column inch. The per-column-inch rate for publication of public notices in newspapers over 9,000 circulation was \$5.93 (the same since 2016). (*See attached chart.*)
- Presently, there are 118 legal newspapers in South Dakota, of which 107 are published weekly. One newspaper – the Argus Leader – publishes a printed edition and e-edition 7 days a week. The other 10 daily newspapers publish various combinations of printed and e-editions during the course of seven days in a week.
- The average annual subscription rate in 2021 for all weekly newspapers in South Dakota is \$41.41. In 2016, the average subscription rate was \$36.97. The average annual subscription rate in 2021 for all daily newspapers in South Dakota is \$276.45. In 2016, the average subscription rate was \$187.36. (*See attached chart.*)
- The top three revenue sources for all newspapers are (in order of most to least):
 - 1) General display advertising
 - 2) Subscriptions/single copy sales
 - 3) Public notices advertising (as required by law to be published)

For some newspapers, other revenue sources may include commercial printing and/or the sale of promotional items and services. For all weekly newspapers, the average annual revenue derived from public notices advertising (local government minutes, bid notices, election notices, etc.) amounts to approximately 15 percent of total revenue. The percentage range for public notices advertising revenue among

weeklies is anywhere from 5 percent to 46 percent of total revenue. For all daily newspapers, the average total revenue derived from public notices advertising is approximately 3 percent of all revenue.

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 118 newspapers,

David Bordewyk
Executive Director, SDNA

Beau Ravellette
President, SDNA
Ravellette Publications, Philip

Robert Slocum
First Vice President, SDNA
Timber Lake Topic

Garrick Moritz
Second Vice President, SDNA
Garretson Gazette

Kristi Hine
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Wessington Springs True Dakotan

LeeAnne Dufek
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