

May 15, 2018

The Honorable Ajit Pai
Chairman
Federal Communication Commission
445 12th Street SW
Washington, D.C. 20554

Dear Chairman Pai:

I am writing to share my concern that the Commission's recent decisions and proposed orders risk exacerbating media consolidation, reducing the diversity of viewpoints essential to an informed public. Media consolidation poses a particular risk to rural communities, which lack the population needed to attract the time and attention of media organizations that focus their resources instead on regional and urban markets.

The Commission has recently undertaken several rulemakings that I fear will reduce the quality of local news, especially in rural areas. For example, in the past year the Commission has:

- Eliminated the newspaper/broadcast cross-ownership rule
- Eliminated the radio/television cross-ownership rule
- Eliminated the "eight voices" test and the top four prohibition for local television ownership
- Eliminated the main studio rule, and
- Reinstated the UHF discount.

Taken together, the Commission's actions greatly increase the forces that are driving media consolidation, and will result in diminished competition and diversity in local media markets. The change in cross-ownership rules will make it far more likely that newspapers, radio stations, and television stations in the same market can be owned by the same company. This change, combined with the change in the main studio rule, will encourage media companies to close studios, consolidate newsrooms, cut reporting on local news, and substitute homogenized content produced from a centralized location. The reinstatement of the UHF discount likewise favors media consolidation.

History demonstrates the risks presented by media consolidation. Not too many years ago, most Americans could rely on radio stations in their communities for local news and information. In many rural areas of our country, this local content has been lost as a result of the consolidation in broadcast radio two decades ago. We cannot allow the error made in the radio industry to be repeated today across all media channels nationwide.

I do not share the Commission's confidence that the effects of media consolidation can be overcome through the emergence of new, Internet-based sources of information. The fact is, few

Internet sites provide local content comparable to local news broadcasts. Furthermore, rural areas generally lag behind in the deployment of video streaming capacity needed to support broadcast-quality content.

It is always more difficult and expensive to deploy technologies in rural areas because rural populations are smaller and more spread-out. The cost of serving rural areas is both a reason why they are more likely to be harmed by media consolidation, and a reason why they are less likely to be helped by new technologies. The Commission ought to factor-in this economic bias and help to overcome it through well-crafted policies. Instead, the Commission's recent actions threaten to amplify the bias facing rural America. While not related to media consolidation, the Commission's proposal to bar resellers from the Universal Service Fund's Lifeline program reflects a similar lack of understanding of how its policies will have a negative impact on rural areas.

I am also concerned that the Commission's NPRM expanding the national television ownership cap will, if adopted, further accelerate the trend toward centrally-produced content that favors regional and national coverage over local news. Fifteen years ago, I was an original cosponsor of a Senate resolution disapproving of the Commission's ill-advised decision to lift the National Ownership Cap from 35 percent to 45 percent, a resolution which passed the Senate with a strong bipartisan majority. Shortly thereafter, Congress codified the National Ownership Cap at 39 percent. Until and unless changed by Congress, the Commission should adhere to it.

Our country depends upon the free and open exchange of ideas, and a media diverse enough to give voice to the 325 million Americans who make up this great nation. Media consolidation threatens to silence the diversity of views essential to a healthy democracy. I strongly encourage the Commission to engage with stakeholders and with Congress to fully vet the impact of its recent decisions on the media landscape before taking any action that would solidify these changes in precedent or rule.

Thank you for your attention to my request.

Sincerely,



Susan M. Collins
United States Senator



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 13, 2018

The Honorable Susan Collins
United States Senate
413 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Collins:

Thank you for your letter on the importance of a diverse media, especially in rural areas. I agree that Americans deserve a media that is diverse, healthy, and ever-evolving to serve the needs of communities across this great nation. Unfortunately, the last Administration turned a blind eye to the modern media marketplace and chose to saddle broadcasters with outdated rules that reflected a 1970s media market and did nothing to promote diversity or competition.

By contrast, in the past year, the Commission has taken several steps to promote a more diverse and competitive media marketplace and to ensure that our rules reflect the current realities of that marketplace. The broadcasting industry deserves to have rules that make sense for the digital age and that allow them to thrive and better provide service to consumers. I believe the changes we have made to our rules will do just that.

For example, the Commission had maintained for decades a flat prohibition on newspaper-broadcast cross-ownership. For a long time, it was apparent that the record did not support keeping this prohibition. *The New York Times* opined—in 2003—that “making the case that the current rules are outdated is easy.” President Clinton’s first FCC Chairman said flatly that “[u]nder current conditions in the media business the FCC’s rule is perverse. . . . If a profitable broadcaster wants to buy a newspaper in its city . . . the FCC should welcome this extra support for the trouble-plagued newspaper industry.” And the U.S. Court of Appeals for the Third Circuit held in 2004 that “reasoned analysis supports the Commission’s [2003] determination that the blanket ban on newspaper/broadcast cross-ownership was no longer in the public interest.” Our 2017 decision reflected this broad sentiment. It was a belated acknowledgement that the media marketplace is dramatically different today than it was in 1975, when the newspaper-broadcast cross-ownership ban was adopted. And removing the ban will promote more pro-competitive collection and distribution of news, especially in smaller markets.

I believe that forward-looking changes like these will promote competition and diversity in local media markets. That belief is confirmed by the stories I’ve heard during my travels across the country. I frequently meet with local broadcasters—in the past few months alone, a radio station in Danville, Kentucky, a television station in Columbia, South Carolina, and a meeting with broadcasters statewide in Pendleton, Oregon. In these visits, I frequently hear directly from station owners and employees about how the rule changes we have made will help them compete in the market and pour more resources into local news and programming,

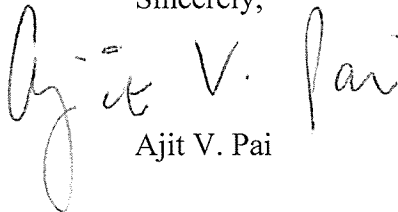
particularly in rural areas. This is vital for listeners and viewers who rely on these outlets for information and entertainment, and explains why the Commission's decision to modernize its regulations was the right one.

And just this August, the Commission promulgated procedures which will govern the broadcast incubator program it adopted last November. Under the program, established broadcasters will pair with, and provide support to, small new entrants, including women and minorities, to help promote diversity of ownership in the broadcast sector. Relationships like these will help address the significant barriers that currently make it hard for many to enter the broadcast industry, including lack of access to capital. Such a program has been discussed for decades—the National Association of Black Owned Broadcasters first advanced the idea to the FCC way back in 1990, and the FCC first sought comment on it in 1992. In 2014, I proposed a substantially similar incubator program to promote diversity; it was summarily rejected. After assuming leadership of the agency last year, I prioritized this issue and reconstituted a dormant advisory committee on diversity to focus in part on it. And at long last, this FCC has made it a reality.

I agree with you that part of what makes our country special is the free and open exchange of ideas. I believe that our recent policy decisions will help support that goal by providing for a strong and vibrant broadcasting industry for years to come.

I appreciate your interest in the Commission's work. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Ajit V. Pai". The signature is written in dark ink and is positioned above the printed name.

Ajit V. Pai