Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
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	)	
2010 Quadrennial Regulatory Review - Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 09-182
	)	
Promoting Diversification of Ownership In the Broadcasting Services	)	MB Docket No. 07-294

SUPPLEMENTAL COMMENTS OF THE NEWSPAPER ASSOCIATION OF AMERICA

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SUMMARY

The Newspaper Industry of America is a longtime supporter of diversity in newsrooms. Indeed, for decades editors and journalists have been leaders in promoting diversity, both in coverage and among their workforces. Our industry also believes in the importance of diversity in ownership of radio and television stations. In these comments, it encourages the Commission to consider many long-pending, race-neutral proposals to spur minority investment.

Retaining the newspaper-broadcast cross-ownership rule, however, would not help to increase minority ownership in the television marketplace. Of the 69 full-power commercial television stations that are owned by racial and ethnic minorities, ***only two*** would even be potential candidates for cross-ownership under the Commission's proposal. In other words, the proposed relaxation of the cross-ownership rule would affect ***no more than 3 percent*** of minority-owned television stations. Claims by critics opposing the FCC's proposal are simply not supported by the facts.

Those who urge the Commission to retain a 1970s-era rule in the Internet age similarly ignore the tremendous social benefits of cross-ownership for diverse audiences. The Commission's proposal would help minority communities by bolstering investments in the robust and aggressive local journalism that newspapers can provide. The issue of fostering minority ownership in broadcast facilities is an entirely separate question from the issue of whether the newspaper industry should be permitted to attract new investment to benefit local journalism. The Commission can serve both objectives by considering the policy changes we suggest here, and in moving ahead with its proposal to finally liberalize an archaic rule.

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The Newspaper Association of America ("NAA")[1] appreciates the opportunity to comment on the Commission's recent report about broadcast ownership diversity. As explained in more detail below, the Commission's proposal to update the antiquated newspaper-broadcast cross-ownership rule would have absolutely no negative impact on minority ownership of broadcast stations. Instead, relaxation of the cross-ownership rule would serve minority communities by strengthening investments in local journalism and allowing broadcasters to partner with newspapers, which have long valued diversity. The NAA shares the public interest groups' belief that minority ownership of broadcast stations should be fostered, but we strongly believe that the facts demonstrate that there is no rational linkage between this issue and cross-ownership. The entirely unrelated newspaper-broadcast cross-ownership proposal can be

[1] NAA is a nonprofit organization representing nearly 2,000 newspapers and their multiplatform businesses in the U.S. and Canada. NAA members include daily and non-daily newspapers, other print publications, and online ventures. More than 60 percent of NAA's members represent small markets with print circulations of 20,000 or less.

effectuated, and its benefits realized, as the Commission focuses on the long-pending proposals intended to encourage minority investment in television and radio stations.

I. THE COMMISSION'S PROPOSAL WOULD NOT REDUCE MINORITY OWNERSHIP OF TELEVISION STATIONS

As the NAA has demonstrated in earlier comments in this proceeding, the newspaper-broadcast cross-ownership ban is an antiquated rule that suppresses much-needed investment in local journalism.[2] Accordingly, the NAA strongly supports the Commission's proposal to allow a merger between a newspaper and a television station if: (1) the newspaper and television station are in one of the nation's top 20 media markets, (2) the television station is not among the top four in the market, and (3) at least eight "major media voices" would remain after the merger.[3] In fact, we do not think the proposal goes far enough; we have urged the Commission to completely repeal the cross-ownership ban.[4] But the FCC's proposal is a step in the right direction.

In recent weeks, some interest groups have urged the Commission to reconsider this proposal in light of the minority ownership report's findings that racial and ethnic minorities own approximately 5 percent of full-power commercial television stations.[5] The groups contend that relaxing the newspaper-broadcast cross-ownership rule would cause minority broadcast ownership to further decline. For instance, Free Press wrote that "relaxing the newspaper

[2] *See* Comments of the Newspaper Association of America, MB Docket Nos. 09-182, 07-294 (March 5, 2012).

[3] Notice of Proposed Rulemaking, MB Docket Nos. 09-182, 07-294 ¶ 102.

[4] *See* Letter from Kurt Wimmer to Marlene Dortch, MB Docket Nos. 09-182, 07-294 (Nov. 7, 2012).

[5] Report on Ownership of Commercial Broadcast Stations, MB Docket Nos. 09-182, 07-294 (Nov. 14, 2012).

broadcast cross-ownership ("NBCO") rule, specifically for newspaper-television combinations, is once again likely to decrease diverse ownership."[6] Similarly, the Institute for Public Representation predicted that if the Commission relaxed the cross-ownership rule, minority-owned stations "would be vulnerable to acquisition by newspaper companies not controlled by minorities, just as in the past, relaxing the radio and television limits resulted inexorably in sales of minority owned stations."[7]

But these critics fail to provide any evidence that relaxation of the cross-ownership rule would cause newspapers to purchase minority-owned stations. Many minority-owned stations broadcast narrowly tailored formats such as foreign-language or religious programming, and they do not broadcast general-interest local news. Such niche formats make them unlikely targets for mergers with general-interest newspapers. The NAA has repeatedly demonstrated in its comments that the true value of newspaper-broadcast cross-ownership comes from the economies of scale of sharing newsgathering resources.[8] Indeed, the Commission has concluded that "the weight of the evidence indicates that cross-ownership can promote localism by increasing the amount of news information transmitted by the co-owned outlets."[9] If a television station does not broadcast local news in English, a newspaper owner has no economic

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[6] Ex Parte Letter of Free Press, MB Docket Nos. 09-182, 07-294, December 4, 2012.

[7] Ex Parte Letter of Institute for Public Representation, MB Docket Nos. 09-182, 07-294, November 23, 2012.

[8] *See* Ex Parte Letter of the Newspaper Association of America, MB Docket Nos. 07-294 and 09-182 (November 8, 2012), Comments of the Newspaper Association of America, MB Docket Nos. 07-294 and 09-182 (March 5, 2012).

[9] NPRM ¶ 84, n. 185 (quoting *2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MB Docket No. 06-121, Report and Order and Order on Reconsideration, 23 FCC Rcd 2010 (2008)).

incentive to acquire the station. A broadcaster that lacks a newsroom is likely no more attractive to a newspaper than a clothing store, auto dealer, or restaurant.

To assess whether the Commission's proposal would lead to a reduction in minority broadcast ownership, the NAA analyzed the Form 323 data underlying the Commission's report. We found that the vast majority of minority-owned television stations are in non-Top 20 markets, offer no local news, or broadcast only in a foreign language. Of the 69 minority-owned full-power television stations, only ***two*** are non-Top 4 stations in the Top 20 markets that regularly broadcast local news in English. In other words, ***less than 3 percent*** of minority-owned television stations would even be potential targets for cross-ownership under the FCC's proposal. Quite simply, relaxation of the cross-ownership rule simply would not lead to a reduction in minority broadcast ownership.

The FCC's Form 323 data confirms what has long been known throughout the industry: the vast majority of minority-owned stations are not candidates for newspaper cross-ownership. A coalition of 50 minority and civil rights groups does not oppose relaxation of the cross-ownership ban if, as applied, it would not diminish minority ownership; and the coalition notes that, in fact, the rule "appears to have little impact on minority ownership."[10] The Minority Media and Telecommunications Council (MMTC), which has operated the nation's only minority-owned media brokerage since 1997, has never seen a deal fail to close due to

[10] Initial Comments of the Diversity and Competition Supporters in Response to the Notice of Proposed Rule Making, MB Docket Nos. 09-182 and 07-294 (March 5, 2012) ("DCS Comments").

cross-ownership.[11] We agree with the conclusion of David Honig, president of the MMTC, that "minority broadcasters seldom seek to acquire the types of stations sought by newspapers."[12]

In short, the criticism of the Commission's proposal is entirely unfounded, as it would affect no more than two minority-owned television stations nationwide. Critics of the Commission's proposal present absolutely no evidence that relaxation of the newspaper-broadcast cross-ownership rule would reduce minority broadcast ownership. Indeed, the FCC has commissioned thousands of pages of studies on media ownership, and none have found a correlation between cross-ownership and reduction in diversity. The Commission should reject the interest groups' unsubstantiated claims and proceed with its proposal to provide much-needed regulatory relief to local journalism.

II. BOLSTERING LOCAL NEWS COVERAGE IS IN THE BEST INTERESTS OF MINORITY COMMUNITIES

Relaxation of the cross-ownership rule likely would lead to newspapers benefitting from investment by television companies that are owned by non-minorities. Such combinations would provide much-needed investment in local journalism. Critics of the Commission's proposal entirely ignore this significant benefit.

Robust local journalism is in the best interests of the entire country, including minority communities. As MMTC's David Honig recently wrote, "by shining a light on government failure, these investigative journalists hold officials accountable to the public. They

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[11] David Honig, *Let's Focus on the Real Causes of Minority Exclusion from Media Ownership*, http://politic365.com/2012/12/03/lets-focus-on-the-real-causes-of-minority-exclusion-from-media-ownership/ (December 3, 2012).

[12] David Honig, *The FCC Must Act Now to Rescue Minority Broadcast Ownership*, http://broadbandandsocialjustice.org/2012/11/the-fcc-must-act-now-to-rescue-minority-broadcast-ownership/ (November 20, 2012).

fulfill journalism's core purpose: 'comforting the afflicted and afflicting the comfortable.'"[13] Local journalists expose unsafe working conditions, uncover government corruption, and identify widespread patterns of racial discrimination.

For years, the newspaper industry has covered minority issues in more depth than any other medium. Newspapers often are the only general-interest news organizations that routinely dedicate beat reporters to covering issues of interest to minority communities. While other media focus on the story of the day and offer quick sound bites, only newspapers devote the resources to explore issues in depth. For instance, in a comprehensive report about the media's coverage of the 2007 immigration debate, the Brookings Institution concluded that "[w]hat was most striking about newspapers' coverage during this specific period was that, besides offering the timeline for the immigration bill within the Senate, they also highlighted some aspects that other forms of media seemed to overlook," such as offering immigrants' views on proposed legislation and explaining how some states already were cracking down on illegal immigration.[14]

Such robust coverage is in danger as newspapers face unprecedented challenges. As the Commission's groundbreaking *Information Needs of Communities* report documented, technological and economic changes have "upended traditional news industry business models."[15] Paid daily newspaper circulation has fallen to World War II-era levels, even though

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[13] David Honig, *Let's Focus on the Real Causes of Minority Exclusion from Media Ownership*, http://politic365.com/2012/12/03/lets-focus-on-the-real-causes-of-minority-exclusion-from-media-ownership/ (December 3, 2012).

[14] *Democracy in the Age of New Media*, The Governance Studies Program at the Brookings Institution and University of Southern California Annenberg's Norman Lear Center, *available at* http://www.brookings.edu/~/media/Events/2008/9/25%20media%20immigration/0925_immigration_dionne.PDF.

[15] Steven Waldman *et al.*, *The Information Needs of Communities* (July 2011) at p.5.

the potential subscriber base has tripled.[16] Craigslist and other free online sites have caused classified advertising revenue to fall by 71 percent between 2000 and 2010.[17] These severe economic changes have caused more than 200 U.S. newspapers to close or eliminate a newsprint edition between 2007 and 2010.[18] Many newspapers have reduced their coverage of city government, school boards, and state houses. Local television stations also have scaled back their coverage of government and public affairs.

Although cross-ownership is not a panacea to the news industry's economic woes, it would help newspapers and television stations invest in local journalism. Cross-ownership allows journalists to collaborate on long-term investigative projects, share breaking news tips, and produce in-depth analysis of current events.[19] According to FCC-commissioned research, cross-owned television stations devote more resources to local news coverage than other commercial stations. On average, a cross-owned television station produces nearly 50 percent more local news,[20] airs 30 percent more coverage of state and local political candidates, [21] and devotes 40 percent more time to candidates' speeches and comments.[22] One FCC-commissioned study questioned "the economic basis for keeping the [cross-ownership rule] in place, given the recent declines in newspaper revenues and news production expenditures, the influence of

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[16] *Id.* at pp. 35, 38.

[17] *Id.* at pp. 39-40.

[18] *Id.* at pp. 40-41.

[19] *See* Comments of Tribune Company, MB Docket Nos. 07-294 and 09-182 (March 5, 2012), at pp. 12-15.

[20] Jack Erb, Media Ownership Study 4, *Local Information Programming and the Structure of Television Markets*, at pp. 27-28.

[21] Jeffrey Milyo, *Effects of Cross-Ownership on the Local Content and Political Slant of Local Television News*, FCC Media Study 6 (Sept. 2007).

[22] *Id.*

newspapers on voter information and turnout, and the potential economies of scope available to joint owners of news outlets in multiple media."[23]

At a time when newspapers and television stations face significant challenges, it defies all logic to oppose one of the few Commission proposals that could increase investment in local journalism. In light of the abundant evidence that cross-ownership bolsters local journalism, the FCC should proceed with its plans to provide long-overdue regulatory relief.

III. NEWSPAPERS HAVE LONG CHAMPIONED DIVERSITY

Critics of the FCC's proposal also ignore newspapers' historical commitment to diversity. For decades, newspapers have dedicated significant resources to ensuring a diverse workforce that reflects the communities they cover.

The percentage of minorities employed by daily newspapers has tripled in the past 34 years. According to the American Society of News Editors, 12.32 percent of daily newspaper employees were minorities in 2012, up from 3.95 percent in 1978.[24] The percentage of minorities in supervisory positions increased from 17 percent in 1993 to 21 percent in 2012. We recognize that our job is not done, but these increases demonstrate an unyielding commitment to diversity.

For decades, the newspaper industry has supported numerous initiatives to increase the diversity of its workforce and coverage. Numerous organizations, including the NAA, have offered training and mentorship programs for journalists of color. Editors and

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[23] Adam D. Rennhoff & Kenneth C. Wilbur, Media Ownership Study 1, *Local Media Ownership and Media Quality* (April 5, 2011) at p. 15.

[24] Minority Employment in Daily Newspapers, American Society of News Editors, http://asne.org/content.asp?pl=140&sl=129&contentid=129.

journalists also operate a number of journalism education programs for minority high school and college students, and provide college journalism scholarships for minority students.

Individual newspapers have adopted a wide range of creative strategies to diversify their workforces. Below are a few examples of the winners and nominees of the Freedom Forum's Robert G. McGruder Awards for Diversity Leadership:[25]

- The *Great Falls Tribune* in Montana has an apprentice program for minority high school students. The newspaper also offers an annual newsroom training session on diversity.
- The *Sacramento Bee* has long provided journalism scholarships to minority students, one of whom is now an editor at the newspaper.
- The Fort Worth *Star-Telegram* makes all of its hiring decisions through a nine-member committee, which includes four women and two people of color.
- The *Seattle Times* offers a mid-career development program primarily for minority employees.
- *Florida Today* established a Multicultural Community Advisory Board to "enable leaders of diverse community groups to help the newsroom shape effective strategies for covering diverse communities and issues."

Newspapers nationwide have adopted similar diversity initiatives. The industry has long recognized that newsroom diversity is essential for serving all members of the community. Even in today's challenging economic environment, newspapers devote significant resources to diversifying their staffs to better resemble their communities. Newspaper companies would similarly ensure that their cross-owned television stations also value diversity.

IV. TO INCREASE MINORITY OWNERSHIP OF TELEVISION STATIONS, THE COMMISSION SHOULD ADOPT A NUMBER OF LONG-PENDING PROPOSALS

Rather than focusing on the Commission's proposed changes to the cross-ownership rule — which would have absolutely no negative impact on ownership diversity —

[25] *Good Ideas in Newspaper Diversity*, The Freedom Forum, *available at* http://www.freedomforum.org/publications/diversity/Good_Ideas_in_Newspaper_Diversity.pdf.

public interest groups should devote their energy to advocating for dozens of diversity proposals that have been pending before the Commission for years. Many of these proposals, which the Diversity and Competition Supporters summarized in an earlier filing,[26] would provide minority investors with immediate access to capital and incentive to purchase radio and television stations.

In particular, the NAA urges the Commission to seriously consider the following diversity proposals:

- An incubator program that provides broadcasters incentives to finance or incubate disadvantaged businesses.[27]
- Reinstate and expand the Tax Certificate Policy, which allows companies to defer capital gains taxes from the sale of media properties to minorities.[28]
- Issue a one-year waiver of application fees to small businesses and nonprofits.[29]
- Relax the main studio rule, especially if the station provides a public website.[30]
- Conduct radio engineering regulatory tutorials at FCC headquarters and annual conferences.[31]
- Provide diversity resources on the FCC's website.[32]
- Ask Congress to create a small and minority communications loan guarantee program through the Small Business Administration.[33]
- Provide tax credits to companies that donate broadcast stations to institutions that train minorities and women in broadcasting.[34]

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[26] DCS Comments, pp. 21-37.

[27] DCS Comments at 22-24; NPRM at p. 95, Statement of Commissioner Michael Copps.

[28] DCS Comments at 27.

[29] *Id.* at 29.

[30] *Id.* at 30.

[31] *Id.* at 34.

[32] *Id.*

[33] *Id.* at 36.

[34] *Id.* at 36-37.

These proposals — and many others — would provide immediate relief to minorities who currently own broadcast stations and encourage other minority investors to purchase stations.

V. CONCLUSION

For years, Free Press, Institute for Public Representation, and other groups have reflexively opposed even the slightest changes to the newspaper-broadcast cross-ownership rule. During this proceeding, the Commission saw beyond the groups' uncompromising absolutism and proposed a reasonable solution that would help save local journalism amid vast economic challenges. In a last-minute attempt to defeat the FCC's proposal, the groups are manipulating the Commission's latest ownership data and providing entirely unsupported, slippery-slope arguments about diversity. We urge the Commission to look past the fact-empty propaganda and adopt its reasonable and moderate proposal to update the cross-ownership rule. Relaxing the cross-ownership ban would provide newspapers and television stations with much-needed capital and allow them to continue providing robust coverage of all communities, including people of color.

Respectfully submitted,

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