



THE INFORMATION NEEDS OF COMMUNITIES

The changing media landscape in a broadband age

Steven Waldman

and the Working Group on Information Needs of Communities

Federal Communications Commission

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Executive Summary

In most ways today's media landscape is more vibrant than ever, offering faster and cheaper distribution networks, fewer barriers to entry, and more ways to consume information. Choice abounds. Local TV stations, newspapers and a flood of innovative web start-ups are now using a dazzling array of digital tools to improve the way they gather and disseminate the news—not just nationally or internationally but block-by-block. The digital tools that have helped topple governments abroad are providing Americans powerful new ways to consume, share and even report the news.

Yet, in part because of the digital revolution, serious problems have arisen, as well. Most significant among them: in many communities, we now face a shortage of local, professional, accountability reporting. This is likely to lead to the kinds of problems that are, not surprisingly, associated with a lack of accountability—more government waste, more local corruption, less effective schools, and other serious community problems. The independent watchdog function that the Founding Fathers envisioned for journalism—going so far as to call it crucial to a healthy democracy—is in some cases at risk at the local level.

As technology offered consumers new choices, it upended traditional news industry business models, resulting in massive job losses—including roughly 13,400 newspaper newsroom positions in just the past four years. This has created gaps in coverage that even the fast-growing digital world has yet to fill. It is difficult to know what positive changes might be just around the corner, but at this moment the media deficits in many communities are consequential. Newspapers are innovating rapidly and reaching new audiences through digital platforms but most are operating with smaller reporting staffs, and as a result are often offering less in-depth coverage of critical topics such as health, education and local government. Many local TV news broadcasts remain excellent, and, on average, they actually produce more hours of news than a few years ago—but too few are investing in more reporting on critical local issues and some have cut back staff. Beyond that, a minority are exhibiting alarming tendencies to allow advertisers to dictate content. In most communities, commercial radio, cable, and satellite play a small role in reporting local news. Public TV does little local programming; public radio makes an effort to contribute but has limited resources. Most important, too few Internet-native local news operations have so far gained sufficient traction financially to make enough of an impact.

On close inspection, some aspects of the modern media landscape may seem surprising:

- > An abundance of media *outlets* does not translate into an abundance of *reporting*. In many communities, there are now more outlets, but less local accountability reporting.
- > While digital technology has empowered people in many ways, the concurrent decline in local reporting has, in other cases, shifted power away from citizens to government and other powerful institutions, which can more often set the news agenda.
- > Far from being nearly-extinct dinosaurs, the traditional media players—TV stations and newspapers—have emerged as the largest providers of local news online.
- > The nonprofit media sector has become far more varied, and important, than ever before. It now includes state public affairs networks, wikis, local news websites, organizations producing investigative reporting, and journalism schools as well as low-power FM stations, traditional public radio and TV, educational shows on satellite TV, and public access channels. Most of the players neither receive, nor seek, government funds.
- > Rather than seeing themselves only as competitors, commercial and nonprofit media are now finding it increasingly useful to collaborate.

This report looks not only at the changing face of media, but at the relevant policy and regulatory situation, including the FCC's own track record. Our basic conclusion: with the media landscape shifting as fast as it has been, some current regulations are out of sync with the information needs of communities and the fluid nature of modern local media markets.

In crafting recommendations, this report started with the overriding premise that the First Amendment circumscribes the role government can play in improving local news. Beyond that, sound policy would recognize that government is simply not the main player in this drama.

However, greater transparency by government and media companies can help reduce the cost of reporting, empower consumers, and generally improve the functioning of media markets. And policymakers can take other steps to remove obstacles to innovation and ensure that taxpayer resources are well used.

Our specific recommendations follow six broad principles:

- > Information required by FCC policy to be disclosed to the public should, over time, be made available online.
- > Greater government transparency will enable both citizens and reporters to more effectively monitor powerful institutions and benefit from public services.
- > Existing government advertising spending should be targeted more toward local media.
- > Nonprofit media need to develop more sustainable business models, especially through private donations.
- > Universal broadband and an open Internet are essential prerequisites for ensuring that the new media landscape serves communities well.
- > Policymakers should take historically underserved communities into account when crafting strategies and rules.

It is a confusing time. Breathtaking media abundance lives side-by-side with serious shortages in reporting. Communities benefit tremendously from many innovations brought by the Internet and simultaneously suffer from the dislocations caused by the seismic changes in media markets. Our conclusion: the gaps are quite important, but they are fixable. In other words, we find ourselves in an unusual moment when ignoring the ailments of local media will mean that serious harm may be done to our communities—but paying attention to them will enable Americans to develop, literally, the best media system the nation has ever had.

Overview

IS IT POSSIBLE TO CAPTURE how much the information revolution has changed our world? Eric Schmidt, former CEO of Google, certainly conveyed the gist when he estimated that humans now create as much information in two days as we did from the appearance of *Homo sapiens* through 2003.¹ Or, we could consider that Facebook did not exist in 2003—and now reaches more people than all other major U.S. media outlets combined.

Or we might contemplate the pigeons of Paul Julius Reuter.² In 1851, the businessman used a fleet of carrier pigeons to carry stock market quotations and news between London and Paris.³ It worked well (pigeons beat the train-carried news by seven hours). But as technology improved, his company, Reuters, changed its approach, each time with techniques more mind-boggling than the last.⁴ In the course of its life, the company has gone from distributing news by attaching a little packet of information to the feet of a bird to pushing electromagnetic bursts through cables under the sea to cramming voice data into radio waves in the air to bouncing data off a satellite in outer space—to transmitting little “packets” of information in the form of ones and zeros over wireless Internet networks.⁵

And if the company, now called Thomson Reuters, were to bring back the pigeons, each could clutch a 256-gigabyte flash drive holding roughly eight million⁶ times the amount of information that one of the original Reuters pigeons could comfortably haul.

These comparisons only begin to convey a sense of the scale of changes that have occurred. The digital revolution has utterly transformed how information is created, distributed, shared, and displayed. But we are just beginning to wrestle with the implications of these changes, including what they mean for journalism, the profession that Paul Julius Reuter practiced and that the Founders viewed as a cornerstone of American democracy.

Thomas Jefferson, who loathed many specific newspapers, nonetheless considered a free press so vital that he declared, “Were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter.” If he were alive today, Jefferson would likely clarify that his dedication was not to “newspapers” per se but to their *function*: providing citizens the information they need to both pursue happiness and hold accountable government as well as other powerful institutions.⁷

That sense of the vital link between informed citizens and a healthy democracy is why civic and media leaders grew alarmed a few years ago when the digital revolution began undercutting traditional media business models, leading to massive layoffs of journalists at newspapers, newsmagazines, and TV stations. Since then, experts in the media and information technology spheres have been debating whether the media is fulfilling the crucial role envisioned for it by the Founders. In 2008 and 2009, a group that was both bipartisan (Republicans and Democrats) and bi-generational (“new media” and “old media”) studied this issue at the behest of the John S. and James L. Knight Foundation. The group, the Knight Commission on the Information Needs of Communities in a Democracy, concluded:

“America is at a critical juncture in the history of communications. Information technology is changing our lives in ways that we cannot easily foresee.

“The digital age is creating an information and communications renaissance. But it is not serving all Americans and their local communities equally. It is not yet serving democracy fully. How we react, individually and collectively, to this democratic shortfall will affect the quality of our lives and the very nature of our communities.”⁸

The Knight Commission’s findings, as well as those of other blue-ribbon reports, posed a bipartisan challenge to the FCC, whose policies often affect the information health of communities. The chairman responded in December 2009 by initiating an effort at the FCC to answer two questions: 1) are citizens and communities getting

the news, information, and reporting they want and need? and 2) is public policy in sync with the nature of modern media markets, especially when it comes to encouraging innovation and advancing local public interest goals?

A working group consisting of journalists, entrepreneurs, scholars, and government officials conducted an exploration of these questions. The group interviewed hundreds of people, reviewed scores of studies and reports, held hearings, initiated a process for public comment, and made site visits. We looked not only at the news media but, more broadly, at how citizens get local information in an age when the Internet has enabled consumers to access information without intermediaries.

This report is intended both to inform the broad public debate and help FCC Commissioners assess current rules. It is divided into three sections.

In Part One, we assess the “media and information landscape,” ultimately providing diagnoses on which sectors are healthy and which are not. Part One is divided into four sections. The report looks first at commercial media sectors (TV, radio, Internet, newspapers, etc.) and how well each medium is currently ferreting out and presenting civically important information and news. It then examines nonprofit media, including public broadcasting, nonprofit websites, state public affairs networks (SPANs), low-power FM (LPFM) radio stations, and other nonprofit entities. Next, it looks at ways that consumers get information that are not reliant on journalistic intermediaries. We focus particularly on libraries, emergency alert systems, digital literacy efforts in schools, and the crucially important move by governments to become more transparent. In the final chapters of Part One, we step back from the platform-by-platform analysis and look at key cross-cutting, cross-platform trends. When one considers both the losses of old media and the additions from new players, which media markets are healthy and which are not?

Throughout Part One, we attempt to make this report not only a description of problems but also a resource—a reliable history of these industries and information sources, a non-ideological description of how things work, and a catalogue of some of the efforts underway to improve communities. Our hope is that laying out this information in one place will be useful and stimulating, even to those who disagree with our conclusions.

In Part Two, we look at the current policy and regulatory landscape, considering some of the main laws and regulations—including those issued by the FCC—that directly and indirectly shape the news media. This should be understandable to the broad public, not just to a small group of communication law experts.

In Part Three, we make recommendations. Some are directed to the FCC, some to the broader community of policymakers, philanthropists, and citizens.

We are well aware that a report crafted by staff at a government agency about the media could be met with suspicion. The media, after all, should be examining the government—not vice versa. But we also believe that it would be public policy malpractice for the Federal Communications Commission to simply assume that the current (voluminous) set of public policies about communications—some crafted before there was an Internet—are well suited for the 21st century. It is impossible to understand the information needs of communities—a clear statutory focus of the FCC—without taking a holistic look at all media. When the media landscape changes so rapidly and so dramatically, the Commission must understand whether its assumptions and rules are still operating, as the Commission is legally required to do, in service of the “public interest, convenience, and necessity” and in furtherance of “localism, competition, and diversity.” The Commission has not only the authority but the affirmative duty to look at these issues.⁹

It is also important to realize that just because this report points out a particular problem does not mean that we believe the FCC has the responsibility or authority to solve it. We do not view the government as the main player in this drama. In some cases, the role of this report is simply to describe things—to stimulate discussion and to suggest new paradigms for understanding local media markets.

We started with a view that there has never been an ideal age of journalism. Reports far thicker than this could document the failures of traditional journalism to uncover or understand important stories, sufficiently shed its biases, emphasize the important stories over the frivolous, cover all constituencies with sufficient rigor, and live up to the highest ideals and ethical standards of the profession. But we place those hard truths in a practical context by also noting two other ideas: 1) just because something is imperfect does not mean it cannot get worse, and 2) for every instance of journalistic neglect there are many more in which the media have performed exactly the functions a democracy needs. Or, as James Madison, put it, “Some degree of abuse is inseparable from the proper use of everything; and in no instance is this more true than in that of the press.” Yet despite the press’s “abuses,” Madison argued that efforts to restrain the bad actors would hurt the good:

“It is better to leave a few of its noxious branches to their luxuriant growth, than, by pruning them away, to injure the vigor of those yielding the proper fruits. And can the wisdom of this policy be doubted by anyone who reflects that to the press alone, checkered as it is with abuses, the world is indebted for all the triumphs which have been gained by reason and humanity over error and oppression?”¹⁰

We share Madison’s grand vision about the importance of the press. If the United States does not have healthy media markets, communities will suffer real harm. Yet despite the serious challenges, we are optimistic: while the problems are serious, they are manageable. If citizens, entrepreneurs, nonprofit groups, and businesses work collectively to fill the gaps and continue to benefit from a wave of media innovation, the nation will end up with the best media system it has ever had.

PART ONE: THE MEDIA LANDSCAPE

Attempting to convey a clear picture of the modern media landscape is like trying to draw a hurricane from within the storm. In our review of the industry’s history, we note that leaders of each medium believed that the latest new technology would doom them, yet many survived and adapted. And yet this sense that the future is unknowable cannot be used as an excuse for failing to attempt to understand what is happening around us now—especially when history has shown that in transformative moments like this, decisions made by policymakers and industry leaders reverberate for decades. So in approaching this analysis, we faced two opposing challenges: fully describing the current media landscape is impossible; failing to try is irresponsible.

Certainly there can be no doubt that the traditional media business has been significantly shaken, with potentially serious consequences for communities:

- Newspaper advertising revenue dropped 47 percent from 2005 to 2009.¹¹
- Between 2006 and 2009, daily newspapers cut their annual editorial spending \$1.6 billion per year, or more than a quarter, according to the Poynter Institute’s Rick Edmonds.¹²
- Staff at daily newspapers has shrunk by more than 25 percent since 2006, with some major newspapers seeing half their staffs disappear in a matter of a few years. There are about as many journalists working today as there were before Watergate.¹³
- Television network news staffs have declined by half from the late 1980s.¹⁴
- Newsmagazine reporting staffs have dropped by almost half since 1985.¹⁵
- The number of all-news local radio stations has dropped from 50 in the mid-1980s to 30, which reach a third of the country.¹⁶
- Only about 20 to 30 percent of the population has access to a local all-news cable channel.¹⁷
- There are 520 local TV stations that air no local news at all (258 commercial stations and 262 noncommercial stations). Considering those, along with stations that air less than 30 minutes of local news per day, 33 percent of commercial stations currently offer little or no local news.¹⁸

Hyperlocal information is better than ever. Technology has allowed citizens to help create and share news on a very local level—by town, neighborhood, or even block. These sites mostly do not operate as profitable businesses, but they do not need to. This is journalism as voluntarism—a thousand points of news.

But these statistics in traditional media, alarming as they are, tell us only part of the story and leave many unanswered questions. How significant has the impact of these cuts been? Are the effects entirely negative? Have the losses been offset by efforts in other media?

To get a handle on this, it is useful to recall that in a typical community, each medium has played a different role. To oversimplify: with larger staffs, newspapers carried the heavier burden of reporting—especially of investigative, enterprise, and beat reporting—while local TV and radio “cast” the news to a “broad” audience. Thus, changes in the health of one medium—newspapers—ripple through the entire local news economy, prompting recalibrations among all media.

Local Newspapers

This report’s truncated history of newspapers includes an examination of how new technologies have repeatedly forced change over the industry’s 200-plus-year lifespan. We also look at the evolving role of independent journalism; the rise of corporate chains; and why, precisely, the Internet has proved so devastating to traditional newspaper business models.

We then turn to the key question: What are the repercussions when newspapers lay off large numbers of reporters? A major report commissioned by the Columbia Journalism School in 2009 concluded, “What is under threat is independent *reporting* that provides information, investigation, analysis, and community knowledge, particularly in the coverage of local affairs.”¹⁹

We concur. A handful of case studies conducted in U.S. cities helps quantify the effects:

Baltimore: The *Baltimore Sun* produced 32 percent fewer stories in 2009 than in 1999—and 73 percent fewer than in 1991, according to a study by the Pew Center for Excellence in Journalism.²⁰

Philadelphia: A study comparing sample weeks in 2006 and 2009 found, “Available news about Philadelphia public affairs issues has dramatically diminished over the last three years by many measures: news hole, air time, story count, key word measurements.”²¹

Raleigh-Durham, North Carolina: In 2004, the *Raleigh (NC) News & Observer* had 250 employees. By February 2011, the newsroom headcount was down to 103. The beats that lost reporters included: courts, schools, legal affairs, agriculture, environment, and state education.²²

Across the country, the number of reporters covering essential beats has diminished:

Statehouse: From 2003 to 2008, while state government spending rose substantially, the number of statehouse reporters dropped by one-third, according to the *American Journalism Review*.²³ In New Jersey, the number of statehouse reporters dropped from 35 to 15.²⁴ In California it fell from 40 to 29;²⁵ in Texas, from 28 to 18;²⁶ and in Georgia, from 14 to 5.²⁷

Investigative: There is no reliable direct count of investigative reporters, but indirect measures indicate a decline. Membership in the Investigative Reporters and Editors association dropped from 5,391 in 2003 to 4,000 in 2010.²⁸ From 1984 to 2010, submissions to the Pulitzer Prize “public service” category declined by 43 percent.²⁹

Environment: The Society of Environmental Journalists had 430 newspaper reporter members in 2004; now, it has 256.³⁰

The impact of national policy on communities: Twenty-seven states have no Washington reporters, according to Pew’s Project for Excellence in Journalism. The number of papers with bureaus covering the Capitol has dropped by about half since the mid-1980s.³¹

In other cases, hard numbers are unavailable, but experts on the ground describe distressing changes:

Religion: “Religion news at the local level is nearly gone,” reports Debra Mason, executive director of the Religion Newswriters Association.³²

Health: The number of health reporters has declined, while interest in the topic has remained strong, leading to fewer reporters doing more work and “a loss of in-depth, enterprise and policy-related stories,” according to a study by the Kaiser Family Foundation.³³

Education: Schools reporters are overextended. Responsible for covering more ground than ever, they are unable to do so adequately. Richard Colvin, former director of the Hechinger Institute, put it this way:

“Local coverage has likely not dropped in volume. But it has certainly dropped in ambition.... [T]hose who [cover education] may not do so full time and don’t have the leeway to write much of substance. They also have very little capacity to think about broader issues.”³⁴

Business: Andrew Lack, CEO of Bloomberg Multimedia, says that local business journalism is suffering today: “It’s not a market that’s well served.”³⁵

The consequences of journalistic shortages can be seen in places like Bell, California, a working class suburb, where the city’s chief administrative officer was drawing a salary of \$787,637, and the police chief, \$457,000. The *Los Angeles Times*, to its credit, broke the story in June 2010—and won a Pulitzer Prize for its efforts—but the scandal had been unfolding since at least 2005. No reporters regularly covered the Bell city government during that period. Had there been even a single regular reporter, there is a reasonable chance that taxpayers would have saved much of the \$5.6 million the officials pocketed. Such examples also help explain why David Simon, a former reporter for the *Baltimore Sun*, who went on to create the HBO show *The Wire*, said in a 2009 Senate hearing: “It is going to be one of the great times to be a corrupt politician.”³⁶

Reporters and editors have told us and other researchers that they are spending more time on reactive stories and less on labor-intensive “enterprise” pieces. An editor in Tennessee pointed to a story list on a conference room white board. There was an “X” next to a story he wanted to do about the failures of a state board that regulates incompetent doctors, but because the paper had laid off one of its health reporters it could not afford to let the remaining health reporter conduct a labor-intensive investigation.³⁷ A reporter in another town described a tip he had received about local authorities being overly restrictive in issuing gun permits, but explained that he has not had time to look into it.³⁸

It is hard to know exactly what gets lost when reporters devote less time to enterprise stories, but clues can be found by looking at the journalism that has occurred *after* recent catastrophes. Several publications brilliantly documented that the Upper Big Branch mine in West Virginia had “1,342 safety violations in the past five years”—but it requires no stretch of the imagination to think that the 29 people who died in the 2010 mine explosion might have been spared had more journalists aggressively reported these safety problems *before* the accident.³⁹

We were especially struck by the testimony of non-journalists who rely on good information to solve community problems. In Michigan, coverage of juvenile courts has gotten “smaller and smaller over the years,” according to Vivek Sankaran of the University of Michigan, an expert on family courts; the result is “parents whose rights are terminated who shouldn’t be terminated. It just takes somebody to go down there to get the story, but nobody is ever down there.”⁴⁰

Given that polls show the public has a low opinion of journalists, it is easy to forget that when reporters have less power, other institutions tend to end up with more. The Pew study of Baltimore concluded that governmental institutions increasingly drove the stories—not reporters:

“As news is posted faster, often with little enterprise reporting added, the official version of events is becoming more important. We found official press releases often appear word for word in first accounts of events, though often not noted as such.... Government, at least in this study, initiates most of the news. In the detailed examination of six major storylines, 63 percent of the stories were initiated by government officials, led first of all by the police. Another 14 percent came from the press. Interest group figures made up most of the rest.”⁴¹

Bill Girdner, owner and editor of Courthouse News Service, notes that as it has become harder for reporters to get information about cases, “the court bureaucracy has gotten stronger and stronger.... When journalists don’t have presence, others control the information process.”⁴²

Many newspapers have responded to the challenges with tremendous creativity, trying to use their remaining staffs as effectively as possible. Some papers actually have been placing a greater emphasis on “accountability journalism”—beat and investigative reporting about powerful institutions such as schools, city hall, and courts. Most papers are embracing new technological tools to try to maximize their remaining reporters’ impact—often making especially good use of data put online by local or national government. In most communities, the number one online

local news source is the local newspaper, an indication that despite their financial problems, newspaper newsrooms are still adept at providing news.

But the broader trend is undeniable: there are fewer full-time newspaper reporters today, and those who remain have less time to conduct interviews and in-depth investigations. In some ways, news production today is more high tech—there is nary a reporter in America who does not know how to tweet, blog, and use a flip video camera—but in other ways it has regressed, with more and more journalists operating like 1930s wire service reporters—or scurrying on what the *Columbia Journalism Review* calls “the hamster wheel” to produce each day’s quota of increasingly superficial stories.⁴³ They can describe the landscape, but they have less time to turn over rocks. They can convey what they see before their eyes—often better and faster than ever—but they have less time to discover the stories lurking in the shadows or to unearth the information that powerful institutions want to conceal.

This study starts with newspapers because traditionally they fielded the most reporters in a community and set the agenda for the rest of the local media. But a reduction in newspaper reporters need not mean an overall shrinkage of journalism—if the slack were to be taken up by other journalists in town, such as those on TV, radio, and the Internet. So, we next turn to TV.

Local TV News

Most Americans still get their news from the local TV news team—and many stations do an extraordinary job informing their communities. Increasingly, they are offering news through multiple platforms, giving consumers more ways to get the bread-and-butter news they need. Though local TV stations are not as financially robust as they were five years ago, most are profitable. Indeed, for now, local TV news may have the strongest business model for providing local news.

In many cases, local TV news teams have increased productivity. Over the last seven years, the number of hours of local TV news has risen by 35 percent. Stations offer more newscasts, additional multicast digital channels, mobile apps, and increasingly popular websites. Many have been creative in using new technology—from citizens’ cell phone photos to eyewitness Twitter reports—to improve the quality of their offerings. Many serve their communities with genuine passion for making the news available, for free, to an impressively broad audience. In many ways, local TV news is more important than ever.

Unfortunately, many stations are not where they need to be if they are going to plug the reportorial gaps left by newspapers.

For starters, most local TV stations have increased the volume of news production, while *reducing* staff—which generally weakens a station’s capacity for depth. Matthew Zelkind, news director of WKRN in Nashville explains: “Long-form stories are dying because they’re not financially feasible.... It’s all economically driven.”⁴⁴ Fred Young, a long-time TV executive, echoed the view that investigative reporting at most stations is shrinking: “Investigative [stories], in the eyes of some of the people who looked at the bottom line of those stations, were not as productive as the reporters turning a story a day. Investigative has suffered.”⁴⁵

Topics like local education, health care, and government get minimal coverage. In a 2010 study of Los Angeles TV news by the Annenberg School of Communications, such topics took up just a little over *one minute* of the 30 minute broadcast. Only one out of 100 lead stories was about the ongoing budget crisis.⁴⁶ In another study—of local broadcasters in 175 cities—coverage of city government was found to be about one-third as common as crime stories. Other studies have discovered the same pattern.⁴⁷

More stations are increasingly relying on “one-man bands”—reporters who interview, shoot, and edit. In some cases, this is a powerful and sensible efficiency that stations could use to increase the number of reporters in the

A cross-subsidy system had developed: a consumer who bought the newspaper for the box scores was helping to pay the salary of the city hall reporter. Today, a reader can get a mobile app that provides only box scores (with second-by-second updates!). The bundle is broken—and so is the cross-subsidy.

field. But in many communities, that is not what has happened. “Let’s face it—it is what it is, and it is economic,” says Con Psarras, former news director at KSL in Salt Lake City. “It is an ability to cut heads and it is a full-time equivalent-reduction campaign. It does not make the pictures better, it does not make the stories better—it does not make the coverage on the web better. That’s a mythology—it just saves money.”⁴⁸ One typical TV reporter said that while he was one-man banding, he was so busy tweeting, shooting, and editing, he had less time for interviews. “It’s the research. When I was one-man-banding, if I had interviewed one or two people, I’d say, hey, that’s enough to get on the air.”⁴⁹

Perhaps most disturbing is the persistence of cases in which local TV news programs have allowed advertisers to determine on-air content. In Wisconsin, a news director resigned over the station’s “pay-for-play” arrangement with a local hospital that had agreed to advertise in exchange for a commitment from the station to air health stories twice a week—from a list of ideas provided by the hospital.⁵⁰ A hospital in Ohio paid local TV stations \$100,000 or more to air “medical breakthrough” segments that benefited the hospital.⁵¹ A Florida morning show was soliciting \$2,500 fees in exchange for guest slots.⁵² In other cases, stations are airing video press releases as if they were news stories created by news staff. Though we have no way of knowing how many stations have adopted these egregious practices, the trend-line is worrisome: “The evidence we’ve seen suggests that this is much more widespread than a few years ago,” says Tom Rosensteel, the director of the Pew Project on Excellence in Journalism.

There are about as many journalists working today as there were before Watergate. Television network news staffs have declined by half from the late 1980s. Newsmagazine reporting staffs have dropped by almost half since 1985.

This is not meant to be a blanket indictment of local TV news. Some stations have done more than maintain their reporting capacity; they have improved it. But the evidence indicates that in many communities if local TV news continues on its *current* path, it will not fill the gaps in accountability reporting left by newspapers. In fact, 64 percent of broadcast news executives believe that their profession is headed in the wrong direction; they are even more pessimistic than newspaper editors.⁵³ We emphasize the word “current” because local TV news has the capacity to play a different—more journalistically significant—role in the new ecosystem. The question is whether the industry will seize that opportunity. (Chapter 3, Television.)

Radio

Though commercial radio offers a dazzling range of programming options, in most cities local journalism is not one of them. While the news-talk format is thriving, it has relied largely on nationally syndicated shows, rather than locally produced ones. Eighty-six percent of the news and public affairs programming broadcast on news-talk radio is national rather than local. Though there are still some extraordinary local news efforts—from WINS in New York to the Rubber City Radio group of Akron, Ohio—they are more rare than they used to be. The number of commercial all-news stations has dropped from 50 in the mid-1980s to 30 today—with only 30 to 40 percent of the population living in an area that has an all-news station.

Low-power FM was created by Congress to provide community broadcasting, and some of the 800 LPFM stations provide excellent hyperlocal programming. A bill that was signed into law in January 2011 is intended to help spawn more stations, but it is too early to know what its effects will be. (Chapter 2, Radio.)

Cable TV

Financially, cable TV is thriving.⁵⁴ The industry’s two-revenue-stream model—advertising and subscriber fees—has proved more durable than broadcast TV’s traditional reliance on advertising alone. The growth of national cable news networks has helped make up for some of the reportorial losses broadcast network news has suffered—but, as with radio, cable news is vibrant on a national level, and weaker on a local level. Some cable operators, such as Time Warner and Cablevision, offer excellent all-news local channels. But other cable companies view such operations as unprofitable and unlikely to grow. Currently, only about 20 to 30 percent of the population can watch a local or regional cable news show.

Some cable operators offer state public affairs networks (SPANs) modeled after C-SPAN, a particularly valuable service given the cutbacks in statehouse reporting. By broadcasting state legislatures and governmental bodies in

action, even if these state SPANs are not generating big ratings, they add a measure of accountability since politicians know that they *might* be observed. But 27 states do not have them—and in only 4 states does the cable industry support them as they do C-SPAN.

Since the early days of cable, there has also been a system of local public, educational, and governmental access (PEG) channels. Often set up to offer citizens a way to express themselves, PEG channels—roughly 5,000 of them—have recently been working to find a new mission in an era when self-expression opportunities abound online. Some have become important venues for teaching digital literacy skills, and a few have begun to focus on citizen journalism. At the same time, cities and states have been cutting back significantly on their funding, causing scores of PEG channels to go dark. This is a time of both great promise and peril for PEG stations. (Chapter 3, Television; Chapter 7, Public Access Channels; and Chapter 27, Cable Television.)

Satellite

Satellite technology is not particularly conducive to local programming, but the FCC requires satellite service providers to set aside 4 percent of the channels they carry for educational programming; currently, some of these channels focus on public affairs. Some educational channels—including those providing religious, public affairs and foreign language programming—have had great success. But in recent years, satellite operators have been turning away prospective channels for lack of capacity. Some educational programmers also found it too expensive: unlike the PEG system, in which programmers *get* paid, nonprofit programmers must, by law, pay satellite operators significant fees. (Chapter 9, Satellite.)

Internet and Mobile

The enormous challenges facing traditional media would be of less concern if the vibrant new digital media were filling the gap. Is it?

It is important to appreciate that the Internet has not only allowed for new forms of self-expression but has improved news in many ways. Lower barriers to entry and the vast amount of available space online have led to a greater diversity of voices, increased depth of some types of coverage, more consumer choices.

Technology has reduced the costs of gathering, producing and distributing news, in some cases substantially. Reporters can use computerized databases to pull together stories in hours that would have previously taken weeks. The cost of producing and publishing images, sound, and text has fallen sharply. And most obviously, and most dramatically, the search-engine-driven Internet has made it infinitely easier to find a wide range of information rapidly.

Citizens are more empowered than ever. They choose where to get their content, how to share it, and are reporting it themselves. Billions of hours of volunteer labor have helped bring important information online and make it accessible on a grand scale. With 76 percent of cell phone owners using their phone to take pictures, we may conclude that, as remarkable as it is that most Americans now carry around a minicomputer, it is just as significant that most now carry a camera. Indeed, it has become a staple of modern news coverage to include photos and videos from citizens who captured images with their phones. Perhaps the most important piece of citizen journalism in this new era was the video taken by an Iranian doctor on his cell phone of a woman named Neda Agha-Soltan being murdered on the street in Tehran.

Citizens can customize what news they want and when. There is not a topic that does not have aggregators providing headlines from around the world. We can get it on demand (when we're ready to consume) or in real time; through desktop, tablet, phone, or TV; in text, video, still images, audio or an infinite combination. Even data has become infinitely customizable. For instance, the Texas Tribune, a news startup in Austin, Texas, offers online readers the ability to sort through data about Texas lawmakers, prisoners, and public employees. Readers can set the parameters as they wish, based on their particular interests—say, information about their particular town—and the gizmo tailors the results to them. Built as one feature—a database—from a consumer perspective it actually provides thousands of different “stories.”

Citizens can now play a much greater role in holding institutions accountable. Whether it's snapping photos of potholes that the city hasn't fixed and posting it to a website, or scouring documents to help a news website uncover a scandal, a broad range of Americans can now more easily scrutinize government, companies and other powerful organizations.

These attributes are not just enriching born-on-the-Internet websites but the digital operations of traditional media as well. Newspapers and TV stations are now, on their websites or other digital platforms, making use of citizen submissions of reporting, images, and video; statistical databases; photo galleries; crowd-sourcing; interactive maps; user-comment areas; aggregation of information from around the web; Twitter feeds; live video streaming; and many other information tools.

Perhaps no area has been more dramatically transformed than “hyperlocal”—coverage on the neighborhood or block by block level. Even in the fattest-and-happiest days of traditional media, they could not regularly provide news on such a granular level. Professional media have been joined by a wide range of local blogs, email lists, websites and the proliferation of local groups on national websites like Facebook or Yahoo! For the most part, hyperlocally-oriented websites and blogs do not operate as profitable businesses, but they do not need to. This is journalism as voluntarism—a thousand points of news.

The number and variety of websites, blogs, and tweets contributing to the news and information landscape is truly stunning. Yet this abundance can obscure a parallel trend: the shortage of full-time reporting.

For instance, the Pew case study of Baltimore revealed a profusion of media outlets. Between new media (blogs and websites) and traditional media (TV, radio, newspapers), researchers counted 53 different outlets—considerably more than existed 10 years ago. But when Pew’s researchers analyzed the content they were providing, particularly regarding the city budget and other public affairs issues, they discovered that 95 percent of the stories—including those in the new media—were based on reporting done by traditional media (mostly the *Baltimore Sun*).⁵⁵ And those sources were doing less than they had done in the past. Several other studies have had similar findings.

This is not a criticism of citizen media or web-based news aggregators and commentators. Even when they are working primarily with the reporting of others, they often add tremendous value—distributing the news through alternate channels or offering new interpretations of its meaning. But we are seeing a decline in the media with a particular strength—gathering the information—and seeing it replaced by a media that often exhibits a different set of strengths (for instance, distributing and interpreting it).

This problem became evident several years ago, prompting a flood of former newspaper journalists and concerned citizens to start web operations dedicated to serious reporting, especially about local civic affairs. More than a hundred impressively creative websites—such as MinnPost in Minneapolis, voiceofsandiego.org, the Texas Tribune, the Bay Citizen in San Francisco, the Sacramento Press, and the Chicago News Cooperative—now populate the cyberscape. Some are nonprofits, some for-profits—and many have brought new energy to the local journalism scene. Some are even becoming profitable and self-sufficient.

But so far these new websites are not large enough or self-sustaining enough to fill the gaps left by newspaper layoffs. In a recent survey of 66 local news websites, half reported that their organizations drew in annual income of less than \$50,000, and three-quarters reported annual income of less than \$100,000. That is not a typographical error; it is *annual* income for the whole website.

The nonprofit online news sector may be vibrant, but it is small in scale. The Knight Foundation hosted a recent gathering of leaders from 12 of the most influential and well-funded websites. Together they employ 88 full-time staffers, which seems quite encouraging until one remembers that more than 15,000 journalists have left the newspaper industry in the last decade (and 13,000 left in the last four years alone.)⁵⁶ Another point of reference: while

newspapers have been suffering an estimated \$1.6 billion drop in editorial spending per year, foundations have contributed an estimated \$180 million to fund new online ventures *over a period of five years*. Billions out, millions in.⁵⁷

In addition to the local websites, there are a handful of national Internet companies making major efforts to serve local communities. Examiner.com has sites in 233 cities, deploying 67,000 “examiners” to write on local topics. But these part-timers focus on lifestyle topics, such as entertainment, retail, and sports—not on hard news.⁵⁸ AOL’s Patch has created local websites in 800 communities, hiring a reporter-editor in each location—meaning that

Over the last seven years, the number of hours of local TV news has risen by 35 percent. Stations offer more newscasts, additional multicast digital channels, mobile apps, and increasingly popular websites.

Patch has likely hired more reporters than any other media organization in the past two years. In the wake of the AOL merger with HuffingtonPost, founder Arianna Huffington maintained that a major reason for her interest in this deal was to do more for local news and information. On the other hand, AOL executives in the past have stressed that to succeed financially, they must focus their efforts on affluent areas. And a single editor wearing many hats, even working with volunteer contributors, will usually not have time to do full-time enterprise reporting on par with the best of traditional urban dailies—though he or she may well match or better the efforts of local community newspapers. In other words, Examiner, Patch, and companies like them add tremendous value to the media ecosystem, but they also leave many crucial gaps unfilled.

Michele McLellan, who has studied the digital news scene comprehensively for the University of Missouri journalism school, writes, “The tired idea that born-on-the-Web news sites will replace traditional media is wrong-headed, and it’s past time that academic research and news reports reflect that.”⁵⁹

Why has the Internet not so far spawned business models that can sustain large numbers of reporters? To answer that, we review some of the most important ways that the digital revolution has changed the economics of news production.

The great unbundling: During the news media’s most profitable days, in many towns, there was only one newspaper, leaving consumers with limited choice. And, though we may not have thought of it this way, purchasing a paper meant having to buy a bundle of goods, even if readers only wanted certain parts. A cross-subsidy system had developed, in which a consumer who bought the paper for the box scores was helping to pay the salary of the city hall reporter. Today, however, a reader can get a mobile app that provides *only* box scores (with second-by-second updates!). The bundle is broken—and so is the cross-subsidy.

Advertisers have benefited from unbundling, too. Remember the saying attributed to department store executive John Wanamaker: “Half the money I spend on advertising is wasted; the trouble is I don’t know which half?” On the Internet, the executive *can* know which half is wasted, and spend it elsewhere.

Downward pressure on online advertising rates: It is a myth that local newspapers suffered because they did not grow traffic online. From 2005 to 2009, newspapers’ online traffic skyrocketed—from 43.7 million unique monthly users to 70 million, from 1.6 billion monthly page views to 3 billion page views.⁶⁰ But in financial terms, that growth was shockingly meaningless. During that period, online advertising revenue—for the entire newspaper industry—grew \$716 million, while the print advertising side of the business lost \$22.6 billion.⁶¹ This led to the saying in the newspaper world that “print dollars were being replaced by digital dimes.” The constant growth of Internet page views—fueled in part by social media—has resulted in online advertising rates that are a fraction of TV and newspaper ad rates.

Advertising is increasingly disconnected from content: While billions of ad dollars have shifted from TV and newspapers to the Internet, many of those dollars do not go to websites that produce their own content, like newspaper and magazine sites. In 2000, one percent of online ad dollars went to the purchase of advertising units appearing in search engine results. In 2009, 47 percent did. On mobile devices, advertisers can increasingly geo-target ads based on where the consumer is located at a particular moment. Through social media and direct-to-consumer discount services like Groupon, advertisers can reach consumers without having to search for an appropriate editorial context for their ads. To reach consumers, advertisers need content less and less.

Mobile has brought huge innovation to news distribution, but not to news media business models: The fastest growing platform for accessing news and information is the mobile device. Fifty six percent of all mobile device users, and 47 percent of the population, now use such devices to get local news via an Internet connection.⁶² Increasingly, the mobile device is a news media platform—just like a newspaper or a TV set—as much as it is a two-way communication device. Publishers have expressed some optimism about the iPad and other tablets fundamentally altering the economics of digital news, making it far more likely that consumers will pay to access content. But the jury is still out

Databases created by governments provide information directly to citizens, and make it possible for reporters to conduct investigative research in days that previously would have taken months.

regarding whether they, or other mobile devices, will have that impact. An October 2010 review of Apple's App Store A May 2011 review of Apple's App Store revealed that approximately 72 percent of iPad news apps and 71 percent of iPhone news apps were available for free.⁶⁵

The nature of news as a public good: To some degree, the struggles of traditional media flow from fundamental economic principles related to certain types of news that are essentially "public goods." Economists say that many people simply will not pay for news, since they know they can "free ride" and still get the benefits of the news. If you want an apple, you have to pay for it, and the benefits go only to you. By contrast, education reporting can generate stories that benefit an entire community, and yet people get the benefits of better schools even if they do not subscribe to the paper. The result: lots of apples sold, but few education reporters employed.

Consider: In a three-day December 2008 series about the probation system, the *Raleigh (NC) News & Observer* established that 580 North Carolina probationers had killed people since the start of 2000. The series occupied several staff over six months, costing roughly \$200,000 to produce. It prompted the governor to try to fix the program. In the future, there will probably be people walking the streets of Raleigh who were not murdered because of the reforms. But local residents have no way of knowing who among them is alive due to the newspaper series. To have benefited from it, one did not need to have read the series or subscribed to the *News & Observer* (which was available for free on the Internet). It is a terrific deal for citizens: tremendous benefit, without the cost or even the bother of reading. (Chapter 4, Internet.)

Of course the catch is that if too many people free ride, media outlets cannot pay the salaries of the reporters who painstakingly gather the information. One of the most famous phrases of the Internet era is "Information wants to be free." There is some truth to that. People want to distribute and receive information for free. But what that leaves out is reality that in some cases the information will not come to the fore without the work of professional reporters. And while information may want to be free, labor wants to be paid.

In Los Angeles, stories about local civic issues like transportation, community health, the environment, education and taxes, took up one minute and 16 seconds of the half hour

Nonprofit Media

While most analysis of the new information and news landscape has focused on commercial media, it has become clear that nonprofit media, broadly defined, are trying to play an increasingly significant role. This is a welcome development. But there is much confusion about the nature of the nonprofit media sector, what it does, and what it needs to succeed.

For starters, the nonprofit media sector has become quite diverse. On TV and radio, it includes not only public TV and radio but also state public affairs networks (SPANs), low-power FM (LPFM) stations, PEG channels, and nonprofit programming. In digital media, it includes local news websites (like those previously mentioned), national organizations that fund investigative journalism, programmers who code in "open source" languages, and a full range of blogs, wikis, and citizen journalism vehicles. It includes millions of volunteers who contribute information, expertise, and reporting to websites throughout the Internet.

Some nonprofit media receive government subsidies; most do not. Some are one-person operations; others are sizeable institutions, such as Wikipedia, the Associated Press, *Consumer Reports*, NPR, *National Geographic*, and AARP. In this section, we look at the state of the current nonprofit media sector, which we view as a crucial element in the media landscape.

Nonprofit Websites and News Services

Hundreds of nonprofit websites have sprung up, and have made significant contributions in the realm of hyperlocal news, national investigative journalism, international coverage, and citizen journalism. Within its first year, ProPublica, a national group focused on investigative reporting, won a Pulitzer Prize jointly with *The New York Times* for a magazine piece about the agonizing decisions made by medical personnel at Memorial Hospital in New Orleans as the flood waters rose during Hurricane Katrina. The *St. Petersburg Times*, run by the Poynter Institute, launched PolitiFact.org, while the Annenberg Public Policy Center of the University of Pennsylvania launched FactCheck.org.

The Sunlight Foundation uses new technology to collect and disseminate government data. These organizations have joined several long-standing nonprofits that promote investigative, or enterprise, reporting, including the Center for Public Integrity and the Center for Investigative Reporting, which also runs California Watch. Several of these organizations not only execute important journalistic projects but also maintain databases that enable other entities to create localized versions of a story.

Nonprofit news organizations have launched to improve coverage of a number of niche sectors, such as health (Kaiser Health News), schools (Public School Notebook, the Hechinger Report, Education News Colorado), and foreign coverage (Pulitzer Center on Crisis Reporting and the International Reporting Project). Many have been created specifically to cover local affairs, sometimes launched by laid-off journalists, sometimes by citizens concerned about information gaps in communities. The Texas Tribune has pioneered the use of government databases, NJ Spotlight uncovered a scandal that had been costing the state millions, MinnPost has forged new business models, and scores of others have worked tirelessly to provide what they see as crucial information their communities wouldn't otherwise have. The creativity in this sector is inspiring, though it is not yet clear which entities will be able to survive and grow in the long run. (Chapter 12, Nonprofit News Websites.)

Public TV

In general, studies indicate that public television stations, which are licensed by the FCC, have offered high-quality educational, cultural, and national news and public affairs programming. PBS is currently the most trusted and neutral source for news, according to polls. However, public TV plays a minimal role in providing local programming, including news and accountability journalism. About 94 percent of local public TV stations offer less than 30 minutes of local news per day—a much lower percentage than the commercial market. In a 2004 survey, 79 percent of the public television licensees indicated, “the amount of local programming they currently produce is not sufficient to meet local community needs.”

Public Radio

Public radio in 2010 deployed more than 1,400 reporters, editors, and producers in 21 domestic and 17 foreign bureaus—more than any of the broadcast TV networks.⁶⁴ Public radio also has proven far more interested in supporting local journalism than the commercial radio sector. From 2004 to 2009, the number of public radio stations reporting that they carried local news or talk programming rose from 595 to 681, with hours aired each week increasing from 5,182 to 5,693.⁶⁵ There are 185 self-described “all-news” public radio stations.⁶⁶ But while public radio does more than public TV and more than commercial radio, theirs are mostly small-scale operations.⁶⁷

Other local nonprofit institutions that may play a role in filling local journalism gaps include:

State public affairs networks (SPANs): The best not only provide coverage of legislatures but also of candidate debates and other public affairs issues that are not being covered elsewhere.

Public, educational, and government (PEG) channels: The mission of PEG channels is evolving, with some working to promote digital literacy and others to help with local news and information.

Educational programming on satellite systems: Religious, ethnic, and some public affairs channels take advantage of the set-aside requirement to expand their reach, but satellite companies also have been rejecting many such channels due to a lack of satellite capacity.

Low-power FM (LPFM) stations: There are already 800 in existence, and a new law has increased the likelihood that hundreds more hyperlocal radio stations will be established.

Journalism schools: There is a growing movement among J-schools to not only teach journalism, but also to have students practice it by contributing to local websites and publications.

The nonprofit media sector is miniscule compared with the commercial sector, but its members are focusing on exactly the areas that have been abandoned by commercial media. In this sense, we can see an important new paradigm developing in which nonprofit media plays a greater role in these specific areas—and in which nonprofit and for-profit media work symbiotically in local communities.

However, there are also obstacles to nonprofits expanding. A handful of foundations have been underwriting tremendous innovation, but most others have been reluctant to support local reporting. Tax restrictions may make

it difficult for nonprofit websites to create sustainable business models and for newspapers to convert to nonprofit status. There is insufficient collaboration among nonprofit media entities, many of which view other such entities as competitors for scarce donor dollars. For those offering online video and audio, the cost of streaming the material is growing rapidly. And government funding for public broadcasting is under threat.

In sum, the nonprofit sector has the ingenuity and spirit to fill many of the gaps left by the contraction of traditional commercial media but it faces many challenges.

Non-Media Sources of Civically Important Information

Americans have always received critical information from sources outside the media. The PTA newsletter, a flier on the bulletin board at work, gossip over the hedge, the Sunday sermon, the National Weather Service, campaign advertisements, public health announcements—these are just a few of the myriad ways we learn about issues that affect our lives. The digital revolution has opened up new channels through which Americans can access civically important information outside the flow of the news media. In this section, we look at four providers of such information: government, libraries, emergency alert systems, and schools.

Greater government transparency is already serving to empower citizens and journalists. Databases created by local and national government provide information directly to citizens—and they make it possible for reporters to conduct investigative research in days that previously would have taken months. In this way, transparency reduces the cost of journalism. Indeed, having government make more information available online is a crucial ingredient to improving the general health of local media systems and the vitality of reporting. However, the transparency movement has a long way to go, and even at its best does not obviate the need for journalists to prod, question, and verify. (Chapter 16, Government Transparency.)

Surprisingly, far from being made obsolete by the Internet, public libraries are becoming more important. Forty-four percent of people living in households below the federal poverty line use the library to access the Internet. Yet many librarians report they cannot keep up with the demand of these patrons. (Chapter 18, Libraries.)

While the media plays a crucial role during emergencies, government entities must also establish and operate basic emergency communications systems. Efforts are currently underway to upgrade from outdated broadcast-based systems to new ones that take advantage of digital technology and social media. (Chapter 17, Emergency Information.)

Most of this report deals with the production and supply of information, but the “demand side”—what consumers and citizens want and ask for—is tremendously important, as well. Many Americans do not know how to find what they need online and are not sophisticated consumers of news. A movement has developed to get America’s schools to teach digital literacy (how to use new technology), media literacy (how to assess online media in general), and news literacy (how to consume news in a sophisticated manner). (Chapter 19, Schools.)

Key Cross-Cutting Trends

The lines between these sectors are becoming increasingly blurred. In this world of converging media, TV is on the phone, the Internet is on the TV, and the newspaper is on the tablet. This section looks at the media landscape through different lenses. Rather than looking at individual market sectors—such as “newspapers” or “mobile”—it examines trends that cut across many platforms.

Consumer Trends

As the media systems have offered more choices, consumer behavior has changed:

More choice, more news consumption: The contraction of some media has stimulated an expansion in the number of media outlets available to consumers. As a result, Americans are spending more time consuming media.

There has been an explosion of local news entrepreneurship. Sometimes started by laid off newspaper reporters, sometimes by concerned citizens, sometimes created as nonprofits, sometimes as for-profit ventures, hundreds of new local news websites have been born in the last few years.

More are going “newsless”: However, the percentage of Americans going without any news the day before they were surveyed rose from 14 percent in 1998 to 17 percent by 2009, according to Pew. The percentage is highest—31 percent—among 18 to 24 year olds.⁶⁸ One possible explanation is that while the opportunities to consume news have grown, so too have the opportunities to consume entertainment, sports, and all manner of other content, so those who had been only marginally interested in news have abandoned it for other alternatives.

Spending more on media: Though we think of the 21st century as the moment the information economy went from “paid” to “free,” in many ways the opposite is true. We pay more money to access media than ever before—largely due to the fees we must pay for cable and Internet service in order to get to our “free” content. From 2003 to 2008, the average annual spending per person on media and information rose from \$740 to \$882.⁶⁹ (Chapter 20, News Consumption.)

Types of News

After looking at these broad trends, we then turn to a central question of this report: when you take into account both the advances and setbacks in the media industry, which *functions* traditionally performed by “news media” are being carried out adequately and which are not being fulfilled?

Our assessment, categorized by region of coverage, is as follows:

Hyperlocal (neighborhood-based) information is better than ever: Technology has allowed citizens to help create and share news on a very local level—by small town, neighborhood, and even block.

Local (municipal and state) information is struggling mightily—with a measurable decline in certain types of accountability reporting: As noted earlier, newspaper staffs have shrunk while other media have not yet been able to employ enough reporters to make up for the loss. But there is an interesting twist: while traditional media have not been able to support robust reporting staffs, they have made headway in expanding their online audiences. In an FCC analysis of three cities (Toledo, Seattle, and Richmond), the local newspaper or TV station emerged as the dominant provider of online local content.

National news is vibrant and dynamic: There are certainly many areas of concern; for instance, we describe the distressing gaps in coverage of regulatory agencies and the changes in the reporting capacity of newsmagazines. But national newspapers have increased their reach, and websites operating on a national level—ranging from HuffingtonPost to Politico to the Daily Caller—are showing the potential to develop business models that will sustain a variety of types of national news, information, and journalism. The national news market is far from perfect, but it is dynamic. (Chapter 21, Types of News)

International is a mixed picture: The contraction of newspapers, newsmagazines, and network news severely undercut traditional ways of getting foreign news. But other media organizations—including Bloomberg, the *Wall Street Journal*, and NPR—have expanded their overseas presence, and a few nonprofit organizations are funding international reporting. Just as important, the Internet, cable, and satellite now offer Americans access to an increasing number of foreign news sources, such as the BBC and Al Jazeera. (Chapter 21, Types of News.)

Diversity

For ethnic minorities, it is a real best-of-times-worst-of-times story. Minority ownership of broadcast TV stations, already too low, has now declined further, as has the number of minorities employed as journalists. On the other hand, digital media provide such low barriers to entry that minorities who have been shut out of mainstream media now have infinitely greater potential to create content and reach audiences. Without gatekeepers, minority viewpoints are freer to find their audiences. Also, the high usage of mobile phones among minority populations positions wireless broadband to surpass efforts by other media to reach historically underserved communities with news and information. (Chapter 23, Diversity.)

People With Disabilities

People with disabilities have benefited from new tech developments as well, but much more needs to be done in that area. Digital media makes it infinitely easier to present content in multiple formats; any given text story can be accompanied by audio, video, and captions, making it accessible to people with visual and hearing impairment. How-

ever, not all content creators exercise those options, and new technologies continue to be designed without taking the needs of people with disabilities into consideration. (Chapter 24, People with Disabilities.)

Will Commercial Media Markets Evolve to Fill Gaps?

Although we acknowledge that this gap we have been referring to cannot be measured with true precision, we offer a rough estimate: It would take the media universe as a whole—commercial and nonprofit sectors—somewhere between \$265 million and \$1.6 billion annually to bridge the gaps we now see in the provision of civically important information.

Signs that commercial markets are evolving in ways that could lead to healthier local information sectors include:

Local advertising is growing; targeting is improving: Predictions are that local advertising will double to \$42.5 billion between now and 2015, which can only help local media models that rely on advertising. Ad targeting is getting more sophisticated which might help raise advertising rates. As broadband penetration increases, more businesses will go online, increasing local ad spending.

Experimentation with pay models is growing: Scores of traditional media companies—from the The Wall Street Journal to the Augusta Chronicle—are experimenting with charging for digital content. Google and Apple have unveiled new systems allowing publishers to sell subscriptions and charge for content in other ways. Firms, such as Journalism Online, have sprouted to help newspapers and other content creators figure out the right strategy to meet their particular goals. In addition, several small news services now cover state government, using a different kind of paid model: expensive subscription price with smaller circulation. As more people go online, the number of potential paying customers could continue to rise as well.

New forms of bundling may arise: Although the Internet has broken up bundles, there are new ones forming. Netflix, Hulu, and Pandora offer bundled content—access to a variety of different types of content for a single subscription price. The Huffington Post is a general interest website in which popular entertainment content in some ways subsidizes less popular content. News Corp. has created a daily news publication available only on the iPad by paid subscription without the costs of printing and delivery trucks. In fact, many content creators are hoping that the pleasure of consuming a print magazine or newspaper as a unit can be recreated on tablets, and thereby help re-establish the bundle and cross-subsidy model.

**Says Esther Dyson,
“News start-ups are
rarely profitable and, by
and large, no thinking
person who wanted a
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would invest in a news
start-up, not that they
don’t sometimes work.”**

Technology continues to drive down the cost of many types of information gathering and dissemination: Technology developments have made capturing video, distributing it, researching, publishing text, transmitting photos, editing audio, and many other processes for gathering and disseminating information easier, cheaper, and more accessible to a broader range of people. The trend is continuing along those lines.

It is early: It is only in the last three years that a wave of citizens began experimenting with new local news models. In many cases, the first wave of innovation was led by journalists, some of whom had limited business skills. Learning by trial and error takes time.

At the same time, we found compelling evidence that while evolving commercial markets will fill many needs, some fundamental characteristics of the digital news economy bode ill for the prospects of local accountability reporting quickly and sufficiently being supported by new commercial business models. The evidence for *that* view:

Media companies will struggle to create new bundling models, because metrics are increasingly precise and corporate prioritization decisions will inevitably steer away from low-ROI products: In the olden days, newspaper managers had a general sense that they were probably losing money on their overseas coverage, but they had no way to gauge this with any precision. Now, managers know in agonizing detail how many page views a foreign article generates. Each piece of content can now be subject to return-on-investment (ROI) analysis. To be sure, companies can decide to sustain money-losing propositions in the service of some greater corporate goal—improving prestige or brand, for instance—

On the one hand, the study showed Baltimore had a booming collection of news and information outlets. But 95 percent of the stories—including those in the new media—were based on the reporting done by traditional media (mostly the Baltimore Sun). And those organizations were doing fewer stories.

but each time the CEO or the finance department assesses the performance of the company's products, the ones that lose money will have bull's-eye on their backs.

Local media companies will face their own obstacles in charging for content and creating bundles that could cross-subsidize expensive journalism: While there has been some limited success for national media companies charging—the *Wall Street Journal*, *Consumer Reports*—the track record for local media is discouraging. *Editor & Publisher* declared:

“2010 was supposed to be the Year of the Paywall for newspapers. But consumers overwhelmingly repudiated the efforts of the few publishers who dared to demand payment for access to the news, leaving newspaper content about as widely and freely available on the Web at year's end as it has been for the past one-and-a-half decades.”⁷⁰

Those attempting to make it on a free, ad-supported model will face all of the aforementioned forces suppressing Internet advertising rates—plus a new one: on the Internet, one does not have to be a local content creator to be a venue for local advertising. National Internet companies can attract local advertisers with their ability to geographically target messaging to local consumers, regardless of whether the content (or context) is locally oriented.

Most trends point to an even more challenging advertising picture in the future: Relatively few local web-native businesses that create original content have succeeded financially, in part because advertisers have less and less need to place their ads in an editorial context. This became apparent when advertising dollars began to flood into search. And the trend is continuing, as the most popular new ad vehicles—social media and coupons—can thrive without being associated with content. Currently only 20 percent of digital marketing spending goes to legacy media companies (TV, magazines, radio, billboards, etc.), and that is projected to decline to 13 percent by 2020.

More shoes still to drop: For people without easy access to the Internet, it still may be easier today to read classifieds or clip coupons in the local newspaper than to shop or sell on Craigslist. Eventually, broadband will reach these audiences—and the old media business models in their towns will suffer, too. Similarly, as Internet radio arrives in cars, traditional broadcast may suffer; as IPTV (Internet TV) becomes more common form of TV watching, local TV stations may suffer. In each case, more consumers may be reached, but traditional media's higher ad rates will likely be undercut by the lower ad rates on the Internet. One survey found that 58 percent of print newspaper subscribers who also use their iPad a lot “said they were very likely to cancel their print subscriptions within the next six months.”

The shifting power of “distributors” and “content creators”: In the past, content distributors and creators were one and the same (e.g., the newspaper company wrote the articles and hired the paperboys). They could use the profits generated by distribution to subsidize the creation of content. In the new media universe, there is currently a greater divide between distributors and content creators. Most Internet service providers, for instance, charge for access to content without sharing the proceeds with the creators of that content. The separation of these functions may have benefits but it also makes cross-subsidization between distribution and content-creation arms less likely.

News as a public good: The free-rider problem has not gone away. If anything, technology innovations often make it easier for consumers to get information without paying for it or even seeing advertisements.

A shift in thinking?: Furious debates still erupt between “new media” and “old media” advocates. But in the last two years, we have noticed a subtle shift. Traditional media leaders no longer mock the pajama-clad practitioners of the new craft quite as much as they used to. Digital media advocates have become convinced that while the digital revolution has improved many, if not most, types of information gathering, commercial Internet businesses may not solve all problems.

- Clay Shirky, a highly respected advocate for digital media, believes most of the contraction of old media will be replaced, and then some, by new media—yet he also believes there is an important exception: “One function that’s hard to replace is the kind of reporting that comes from someone going down to city hall again today, just in case. There are some in my tribe who think the web will solve that problem on its own, but that’s ridiculous.”⁷¹
- Hal Varian, Google’s chief economist, concluded that the “online world reflects offline: news, narrowly defined, is hard to monetize.”⁷²
- Esther Dyson, chairman of EDventure Holdings and an Internet pioneer, explains, “News start-ups are rarely profitable and, by and large, no thinking person who wanted a return on investment would invest in a news start-up.”⁷³ She believes that when it comes to accountability journalism, the nonprofit sector will need to play a bigger role.⁷⁴
- And then there is John Hood, president of the John Locke Foundation, a market-oriented think tank in North Carolina. The Foundation’s *Carolina Journal* finances nonpartisan investigative journalism, in part because the number of reporters covering the statehouse had plummeted over the years. “In North Carolina, several TV stations [in towns outside the Capitol] had reporters. None has a bureau now. We were responding to changes in the market,” Hood says. He is skeptical that commercial markets will fill all the gaps in local accountability reporting. “When you get to the state and local level, the collapse of the traditional business models imperils the delivery of sufficient public interest journalism—and we do believe that donor driven journalism can be a very important model.”

Given the speed and magnitude of change, anyone in the media or information technology space has to be pretty humble about making predictions. However, we conclude that at a minimum it is not a certainty that commercial markets alone will fill the reporting gaps—and that even if they eventually do, that transition period could be long and, for communities, quite painful. (Chapter 25, How Big is the Gap and Who Will Fill It?)

The New Relationship Between the For-Profit and Nonprofit Sectors

For-profit commercial entities are increasingly partnering with nonprofits to supplement their news operations. Examples include: the web venture Texas Tribune providing reporting for *The New York Times*; a variety of journalism schools providing content to local newspapers; San Diego’s NBC station collaborating with voiceofsandiego.org. In each case, the commercial media entity benefits from a level of labor-intensive accountability reporting that the commercial model cannot sustain, and the nonprofit benefits from the massive distribution networks the commercial entity has built up over time. Even better, in some cases, the commercial media outlets pay cold, hard cash, opening up a new revenue stream—fee-for-service journalism—for the nonprofits. In other words, we are beginning to see a new model arise on the local level in which commercial media outsources certain types of labor-intensive but civically important journalism to the nonprofit sector, and the commercial sector turbocharges the nonprofits’ distribution efforts.

The Relationship Between Old and New Media

Although old and new media advocates have spent some time in the past few years attacking one another, it is clear now that the new and old forms complement each other. Parents and retirees can attend the school board meeting and write about what happened, and a well-sourced journalist can report what went on behind the scenes; then parents can spread the word through social media, and they can continue to pursue the issue after the reporter has moved on to other stories. Professional reporters can go where volunteers do not have the time or access to go—for instance, prisons, war zones, the restricted corridors of city hall—and citizen reporters can, through their numbers, be in more places than reporters possibly can.

Advertising is increasingly disconnected from content. In 2000, one percent of online ad dollars went to the purchase of advertising units appearing in search engine results. In 2009, 47 percent did.

If a community does not have a critical mass of full-time professional journalists, it will not harness the benefits of this new system. Indeed, it will be worse off than it has been in years. Full-time journalists are not just useful parts of this new machine—they are essential components. The digital media innovations—citizen journalism, crowd-sourcing, public databases, blogs, social media—are not ancillary. They are at the heart of the new system. Without both, a community will not get the information it needs. With both, it can thrive as never before.

PART TWO: THE POLICY AND REGULATORY LANDSCAPE

In the second part of the report, we explore the major public policies that have shaped the news media. We pay special attention to those policies administered by the FCC, but in order to gain a holistic understanding, we also look at information-related laws and regulations more broadly.

FCC Rules About TV and Radio

This section reviews and offers assessments on FCC policies touching on commercial TV and radio—broadcast, cable, and satellite:

The Fairness Doctrine: We believe that re-instituting the Fairness Doctrine would chill debate and harm local news. (Chapter 26, Broadcasting Rules.)

Sponsorship Identification Rules: These rules require broadcasters to publicly disclose if elements that appear to be news are actually content dictated or are sculpted by advertisers. The rules require stations to disclose such relationships on air. But the penalties have not been updated in years, the FCC does not make it sufficiently easy for whistleblowers to report infractions, and, most important, stations are not required to post the information online.

The public interest obligations of broadcasters: We focus in detail on the history of local stations' obligations to broadcast news and public affairs. Because when the taxpayers gave some of their limited spectrum to broadcasters, they were promised something in return: that those broadcasters would serve the community. Originally, the FCC established detailed rules outlining what broadcasters were required to air. Over time, court rulings, constitutional concerns, and FCC decisions have left a system that is unclear and ineffective. The current system of public interest obligations for broadcasters is broken: TV stations are required to maintain programming records and other such paperwork, which FCC staff and members of the public rarely read. (Some provide detailed descriptions of substantive news programming; others list the sponsorship of an *America's Next Top Model* tryout as fulfilling the obligation to provide issue-responsive programming.) Licenses are routinely renewed, regardless of whether a station is investing huge sums in local reporting or doing no local programming at all. Over the FCC's 75-year existence, it has renewed more than 100,000 licenses. It has denied only four renewal applications due to the licensee's failure to meet its public interest programming obligation. No license renewals have been denied on those grounds in past 30 years. The current system operates neither as a free market nor as an effectively regulated one; and it does not achieve the public interest goals set out by Congress or the FCC.

Enhanced disclosure: In 2007, the Commission approved an "enhanced disclosure" policy that attempted to fix the licensing system by requiring stations to publish significant amounts of information about their programming. Our assessment: the "enhanced disclosure" rule was overly bureaucratic and cumbersome.

Ownership rules: The FCC's quadrennial ownership review will come out later this year, and it will be informed by new, more sophisticated academic studies commissioned specifically for the purposes of the review. Hence, we restrict ourselves to a few broad observations:

- The nature of the "diversity" calculus may have changed. In an earlier day, it was reasonable to assume that a diversity of "voices" indicated general media health. Now, a media market can simultaneously have a diversity of voices and opinions and yet a scarcity of journalism.

- More is not necessarily better. Another assumption of past regulatory efforts was that more choices lead to greater benefits for consumers. But changes in the media market can sometimes call this assumption into question. For instance, it might be better to have nine TV stations in a market than 10, if consolidation leads the remaining stations to be economically healthier and therefore more able to invest in local journalism.

Minority and small business ownership: The Commission currently has few operating programs designed to encourage ownership of small businesses, including minority-owned and women-owned businesses. Moreover, the FCC is not collecting enough information to understand the nature of the changes in minority ownership and employment in media.

Leased access: Cable operators were supposed to provide up to 15 percent of their capacity to independent programmers. Currently they provide less than one percent. The leased access system appears to be dysfunctional.

Satellite radio: FCC regulations prohibit satellite radio operators from creating and airing locally originated programming. It is not clear whether this rule has diminished the likelihood of local news and public affairs programming on radio.

Nonprofit Media

Although, for the most part, the public broadcasting system has been a major success, we see rules and strategies that might be updated to fit the new times. (Chapter 31, Nonprofit Media.)

Funding rules limit digital innovation: CPB is required by law to provide a fixed percentage of its funds to TV stations and a certain amount to radio. Little is left over for digital innovation, or to help fund other nonprofit media.

Policies do not encourage local programming: The economics of public TV make it hard for stations to do much local programming, and neither CPB nor the FCC require stations to do local programming.

**A telling statistic:
during the over 75-year
existence of the FCC,
there have been easily
more than 100,000
license renewals—and
only four cases in which
a renewal application
was denied because
the licensee failed to
meet its public interest
programming obligation.**

Restrictions on business models: Rules set up by the FCC, Congress, and the Corporation for Public Broadcasting (CPB) restrict the ability of public TV stations to raise revenue. There are regulations that limit advertising, the extent to which stations can merchandize public TV characters, and whether they can seek payment from cable and satellite operators that air their shows. Public broadcasters themselves have tended to agree with these restrictions, believing that revenue generation could taint their noncommercial identity and undermine public support. (Chapter 32, Advertising Policy.)

Streaming costs loom as a potential problem: Current policies do not address the threat that rising audio and video streaming costs pose to public broadcasters. (Chapter 6, Public Broadcasting.)

Policies that affect other types of nonprofit media include:

State public affairs networks get insufficient help: In 23 states cable operators provide carriage for SPANs, though they provide financial support in four states. Satellite providers offer state SPAN in only one state: Alaska.

Confusion about current tax law may hinder nonprofit media development: Some nonprofit media feel they get mixed signals from the IRS. Some nonprofit websites fear that publishing commentary about public affairs could cost them their nonprofit status. The confusion may hinder the ability of non-

profit news entities to become sustainable. There are similar concerns about accepting advertising.

Satellite TV: Congress required the FCC to set aside between 4 and 7 percent of its carrying capacity for educational programming. Reluctant to put undue pressure on the fledgling satellite industry, the FCC opted for 4 percent. Today, satellite companies, which are now profitable, provide carriage for dozens of religious and educational channels. But they also turn away many nonprofit programmers on the grounds that they have hit the 4 percent set-aside target. In other cases, nonprofit programmers end up walking away because the cost of carriage is prohibitively high—because, unlike PEG channels, which get paid by local governments, educational programmers on satellite pay fees to the operators).

PEG Channels: State and local changes have reduced the funding and, in some cases, the prominence on the cable dial, of public, educational, and government channels (PEG) at a time when the need for local programming is especially urgent.

Religious broadcasters: Religious broadcasters feel restricted by government underwriting rules, including an FCC rule that limits a station's ability to raise money for charities on the air.

Other Policy Areas

Government entities other than the FCC set policies and engage in practices that affect the health and development of media. Significant examples include:

The federal government spends significant amounts of money on advertising but does not attempt to guide those funds toward local media: The federal government in 2005 spent roughly \$1 billion on advertising, but much of it appears to go to national rather than local media entities. (Chapter 32, Advertising Policy.)

U.S. Postal Service policies may inadvertently and indirectly hurt local newspapers: Because postal rates are so favorable to bulk advertisers ("junk mailers"), it is likely that they spend less money on newspaper insert ads. (Chapter 33, Print.)

Decisions in copyright lawsuits stand to have a big impact on the media industry: Court battles on copyright and intellectual property could affect the economics of news media. (Chapter 34, Copyright.)

Policy in an Era of Local Reporting Shortages

Due to constitutional constraints and long-standing policy decisions, most media-related regulations are not addressing the gaps in local programming:

- Broadcast licenses are renewed whether or not a station offers coverage of the community.
- Cable operators are required to carry the signals of TV broadcasters—whether or not they provide local programming.
- Government spends billions of dollars on advertising (for military recruitment, public health messages, and other campaigns), but there is no requirement that any of those funds be spent on local media.
- The Corporation for Public Broadcasting spends a few hundred million dollars annually, but there is no requirement that a minimum amount be spent on local programming.
- Satellite TV companies are required to carry educational programming but not local programming.
- Satellite radio companies are prohibited from airing locally originated programming.
- Leased access rules have not succeeded in encouraging local programming.

Neither public policy nor private philanthropic emphases are sufficiently targeted at the areas of greatest need: local programming in general, and accountability journalism in particular.

Policy in a Digital Era

Many of the existing FCC policies were created to address issues inherent to a particular medium. But because content no longer lives within just one platform there are many policy inconsistencies. A nonprofit TV show gets funding from the Corporation for Public Broadcasting if it is using over-the-air broadcast spectrum but not if it is using satellite spectrum—and not if it is being streamed online. Broadcasters have more public interest obligations than cable or mobile service providers, even though they compete with each other.

Ignoring the ailments of local media will mean serious harm is done to our communities—but paying attention to them will enable citizens to develop, literally, the best media system the nation has ever had.

The seemingly infinite capacity of the Internet does not negate the need for policy or regulations, but it does necessitate a rethinking of the best approaches.

There is one area in which technology actually makes it easier for policymakers to offer sensible prescriptions: transparency. The FCC and other government agencies have long relied on disclosure rules to ensure the public's access to information it has a right to—but often that information ends up sitting in media company files where it is difficult for the public to utilize. The Internet makes it easy to post such information online, where it can be readily found, digested, and analyzed.

PART THREE: RECOMMENDATIONS

The following findings from Parts One and Two should inform decisions made by policymakers and philanthropists:

- Government is not the main player in this drama, and the First Amendment circumscribes government action to improve local news.
- Nonetheless, greater transparency by government and media companies can help reduce the cost of reporting, empower consumers, and foster innovation.
- When measuring the information health of a community, one must look not only at the number of media outlets, access, diversity, and competition, but also at resources invested, including the number of reporters.
- Although there is tremendous innovation in the commercial sector, and it is difficult to predict what will come next, it is not inevitable that commercial media markets will solve all the problems we face, especially the provision of relatively unprofitable, labor-intensive accountability reporting.
- The nonprofit media sector is increasingly diverse, and now includes nonprofit websites, state-level C-SPANS, public access channels, low-power FM stations, journalism schools, and public TV and radio stations. These entities, many of which are not government funded, need to play a bigger role and be better understood.
- Collaborations among media—including between for-profit and nonprofit media—will and should be an important ingredient in the new system.

With those points in mind, we believe government policy changes should focus on three primary goals: making better use of the public's resources, increasing transparency, and, in the words of the National Religious Broadcasters, "fertiliz[ing] the conditions under which the media does its work."⁷⁵

In Part Three, we lay out a detailed set of recommendations. What follows is a summary of some of the key items.

Emphasize Online Disclosure as a Pillar of FCC Media Policy

Actions the FCC should consider taking:

- Eliminate unnecessary paperwork and move toward an online system for public disclosures. Specifically, the FCC should eliminate the long-standing requirement that local TV stations keep, in a paper file on the premises, a list of issues-responsive programming for the year. This should be replaced with a streamlined, web-based form through which broadcasters can provide programming information based on a composite or sample week. Information could include: the amount of community-related programming, news-sharing and partnership arrangements, how multicast channels are being used, sponsorship identification disclosures (see below) and the level of website accessibility for people with disabilities. Over time, move to an online system for most disclosures, while ensuring that the transition is sensitive to the needs of small broadcasters, focusing, for instance on TV rather than radio.

- Replace the burdensome “enhanced disclosure” rule, terminate the localism proceeding and repeal the remnants of the Fairness Doctrine still on the books.
- Require that when broadcasters allow advertisers to dictate content, they disclose the “pay-for-play” arrangements online as well as on the air.
- Consider allowing noncommercial broadcasters that do not receive Corporation for Public Broadcasting funding, including religious broadcasters, to devote up to one percent of their on-air time to fundraising for charities.
- Require satellite operators to post their disclosure forms online.
- Conduct a comprehensive study on the effectiveness of the leased access program to determine whether it is meeting the goals set out for it by Congress. Policymakers should consider whether to give regulatory relief from leased access requirements to cable operators that support local cable news networks or SPANs.

Make It Easier for Citizens to Monitor Their Government by Putting More Proceedings, Documents, and Data Online

To improve accountability and reduce the cost of reporting:

- Every state should have a state public affairs network similar to C-SPAN. On a voluntary basis, multichannel video programming distributors (MVPDs) should do more to ensure that SPANs can thrive. Congress should consider regulatory relief through the leased access program for those that do.
- Governments at all levels should collect and publish data in forms that make it easy for citizens, entrepreneurs, software developers, and reporters to access and analyze information.
- Government should aspire to make proceedings and hearings available online, and to keep them in a publicly accessible archive.

Consider Directing Existing Government Advertising Spending Toward Local Media

- The federal government should consider targeting some of the money it already spends on advertising to local news media, both commercial and nonprofit, traditional and online. (That amount was roughly \$1 billion in 2005). Such efforts must include measures to guard against political bias and manipulation and ensure that government marketing goals are not compromised.

Make It Easier for Nonprofit Media to Develop Sustainable Models

- Tax experts and nonprofit leaders should recommend to the IRS and policymakers clarifications or changes in tax rules that would make it easier for nonprofit news operations to develop sustainable business models.
- Local foundations, philanthropists, and ordinary Americans should consider increasing donations to organization that provide reporting, especially at the local level.
- The Corporation for Public Broadcasting should have more flexibility to fund *local* programming and innovation, including efforts by media entities that are not traditional broadcasters.
- Journalism schools should continue to increase their role in providing local journalism through the “medical residency” model (practicing local journalism as they teach it).
- Community media centers that run public, educational, and governmental access (PEG) channels can be important players in the local media ecosystem. They should consider shifting their mission toward teaching digital literacy; partnering with other institutions that provide nonprofit programming; and working to increase the transparency of government and other civic institutions.
- The FCC should make sure that the Local Community Radio Act is implemented in a way that allows low-power FM stations (LPFMs) to gain traction throughout the country.

Ensure that Broadband Access and Use is Widespread Enough to Help Fuel Digital Media Innovation

- Universal broadband and an open Internet are essential prerequisites to media innovation and will make it more likely that digital media will be able to develop sustainable business models.
- Should Congress give the Commission authority to conduct incentive auctions, local public TV stations should be able to participate on the same terms as commercial stations.
- If policymakers use any auction proceeds to invest in innovation, they should consider supporting the development of information technology that could increase government transparency, fuel local media innovation, stimulate entrepreneurship.

Ensure that Modern Media Policy Works for People in Historically Underserved Communities

Actions the FCC should consider taking:

- Require stations to disclose whether and in what ways their websites are accessible to people with disabilities.
- In areas where TV channels 5 and 6 are not currently utilized for TV broadcasting, there exists potential to expand TV and radio opportunities to new small businesses, including those owned by minorities and women.
- Proactively disseminate information about local LPFM broadcast opportunities to minority communities.
- Continue to collect industry data on minority ownership. Resolve outstanding confidentiality issues related to the collection of employment data, and then resume the collection of such data.
- Continue to educate would-be entrepreneurs about financing opportunities in both traditional and new media.

Congress should consider:

- Restoring the tax certificate program to encourage media ownership by small businesses and new entrants, including minorities and women.

Conclusion

Although each citizen will have a different view on which information is important—and who is failing at providing it—Americans need to at least come together around one idea: that democracy requires, and citizens deserve, a healthy flow of useful information and a news and information system that holds powerful institutions accountable.

There are many legitimate disagreements in the realm of media policy, but it is time to move past some of the false dichotomies. Do we need professional or citizen reporters? Obviously, we need both. Do we need old media or new media? Again, both. Objective or advocacy journalism? Commercial or nonprofit? Free or paid? Both, both, and both.

Our biggest fear is a slow, steady lowering of standards and expectations regarding what kinds of information Americans are entitled to. It is easy to see how this could happen. A shortage of reporting manifests itself in invisible ways: stories not written, scandals not exposed, government waste not discovered, health dangers not identified in time, local elections involving candidates about whom we know little. And, at first glance, our media landscape does not seem barren at all. News is all around us—more than ever before. This illusion of bounty has the danger of making us passive. Why would we worry about shortages in the midst of such abundance?

To switch metaphors, one can imagine an old-fashioned bucket brigade, each citizen passing water to the next to put out a raging fire. In many cases, we now have more citizens, more buckets, and less water. It is gratifying that we have more citizen involvement, and more vessels for passing along the water. But we cannot forget: if we have less water, the fires will burn.

And yet, consider this: If we can figure out a way to get more water into the bucket line, the fires will not only be put out—they will be put out faster than ever before. That is why we are conditionally hopeful. With concerted action, a bad situation can be transformed into not merely a tolerable one but a great step forward.

