PART THREE

35 Recommendations

THE FOLLOWING FINDINGS from Parts One and Two should be considered by policymakers, business and nonprofit leaders, entrepreneurs, philanthropists and the FCC itself:

The media landscape is mostly vibrant. In many ways, today's media system is better than ever: faster and cheaper distribution networks; fewer barriers to entry; and more ways of consuming information. Americans not only have ways of expressing their opinions, they can help create and cover the news. Choice abounds.

But there are a few areas of serious concern. We face not a broad crisis of "the news" or "content"—but something much more specific: a shortage of local, professional accountability reporting. This is likely to lead to more government waste, more local corruption, worse schools, a less-informed electorate, and other serious problems in communities. In some cases, the loss of reporting capacity has meant a power shift away from citizens toward government and other institutions. Gaps created by the contraction of newspapers have—so far—not been fully filled by other media. Some local TV news shows are investing more in reporting about critical local issues, but many are not (and some are exhibiting alarming tendencies to allow advertisers to dictate content). Commercial radio, cable and satellite play a small and likely declining role in local news. Public TV does little local programming; local public radio is trying but has limited resources. Most important, Internet-native local news operations have so far not gained sufficient traction. In many cases, the result is more media outlets but less local reporting. An important caveat: Markets are evolving rapidly and it is certainly possible these gaps will be eventually filled by commercial markets. But so far it has not happened, and we cannot assume all reporting deficits will be solved this way.

In terms of public policy, many rules intended to advance public interest goals are ineffective—and out of sync with the information needs of communities and the nature of modern local media markets. In some cases, policies do not achieve their intended goals. In other cases, policies that might have once made sense have not kept up with changes in media markets. Several policies are not sufficiently oriented toward addressing the *local* information gap.

Technology has increased the potential potency of transparency as a policy tool. Properly formatted, data routinely produced by the government can now be sliced, diced, analyzed and spread around more rapidly and effectively. The effective dissemination of government-collected information can empower citizens, improve accountability, lower reporting costs, and stimulate entrepreneurship. This should drive us towards a reassessment both of what government does with the data it already collects and what information it gathers in the first place. The gathering and dissemination of information should be a far more important policy lever than it has been in the past.

Government is not the main player in this drama but it can remove obstacles confronting those working to solve the problems of providing robust local news and information. Most of the solutions to today's media problems will be found by entrepreneurs, reporters, and creative citizens, not legislators or agencies. Government cannot "save journalism." Indeed, the media landscape is evolving so rapidly that heavy-handed regulatory intervention dictating media company behavior could backfire, distorting markets in unhelpful ways. However, government can make it easier for citizens, communities and reporters—in both the for-profit and nonprofit sectors—to themselves create new information systems and forms of sustainable journalism.

When foundations, entrepreneurs, citizens or policy makers attempt to assess the information health of a community, they should look not only at abundance of media outlets, diversity of voices and competition, but also at reportorial resources, including full-time reporting, producing and editing staff. In the modern media landscape, many communities have both more media outlets and less full-time accountability reporting. The volume of news being disseminated has never been greater, obscuring shortfalls in the resources being committed to local reporting. In the past, a key civic focus was on insuring Americans had access to the public square. Now, anyone with an Internet connection has a megaphone—but certain types of information are nonetheless scarce.

Nonprofit media needs to be better understood, and play a bigger role. The nonprofit media sector includes: journalism schools that field reporters, concerned citizens who start a nonprofit website, community Low Power FM stations, anyone contributing to a Wikipedia page, state-based C-SPANs, software developers who write open source code in nonprofit settings, public access channels, newspapers run by foundations, religious broadcasters, citizens tweeting news from the scene of a disaster and public broadcasting. Some of these media providers get government funding but most do not. Government money should not, and need not, be the main driver of the growth, but the nonprofit sector will, in many cases, need to play a greater role in filling remaining media gaps.

Collaborations among media—including between for-profit and nonprofit media—will and should be an important ingredient in the new system. In private markets, companies routinely outsource certain specialized functions that another can do more effectively. One characteristic of the new media economy may be that large and/or for-profit media will rely on the work of small and/or nonprofit media for certain types of content that most would agree is civically-important but insufficiently supported by commercial media.

Great opportunities remain for TV and newspapers. Newspapers were supposed to be destroyed by radio which was supposed to be destroyed by TV which was supposed to be destroyed by the Internet. Each of these predictions has been only partly right. The new technologies did forever change the media landscape; the previously dominant medium never regained its previous stature. But many did adapt, survive and, in some cases, remain just as profitable as ever. It is now clear that in many communities the dominant online players in local news are the new media manifestations of old media companies, most notably the websites of local newspapers and TV newscasts. Policymakers should be mindful of this dynamic.

Philanthropists—individuals or foundations—should consider changing their approach to media. Without strong reporting, the issues that philanthropists care about—whether health, environment, children, fiscal responsibility—are all shortchanged. The public will be less well informed and institutions professing to solve the problems will be less accountable. Private individual donations will also need to play a bigger role, filling the civically-important gaps.

There is an opportunity to create the best news and information system in the nation's history. Citizen and professional reporters serve different but complementary functions. For instance, volunteer-based journalism has led to the flowering of "hyperlocal" neighborhood-based coverage—a form that traditional media always struggled with—while full-time professional reporting is essential for certain types of labor-intensive accountability reporting. The old and new media improve each other's effectiveness. For instance, online "crowds" can pore through government document dumps *and* professional reporters can find the particular source within the agency to describe which documents were withheld. If we can preserve the best attributes of both the old and new media—and fill the serious gaps in local reporting—our news and information system will offer a depth, breadth and speed of coverage never before seen in the U.S.

Beyond these conclusions, we were guided by one more fundamental principle: Congress shall make no law, and government agencies shall make no rule, abridging the freedom of speech or of the press. Any government policy has to live within and respect the essential constraints of the First Amendment.

We offer no magic bullet or magic app. Rather, government policy changes should focus on three primary goals: increasing transparency, making better use of the public's existing resources, and removing obstacles to innovation—or, in the words of the National Religious Broadcasters, "fertiliz[ing]the conditions under which the media does its work."[1] With a terrain more hospitable to local media innovation, the private sector—both for-profit and nonprofit entities—can increase the production of local programming, including accountability reporting. The resulting media system could be the best the nation has ever had.

With that ambition in mind, we recommend consideration of the following:

EMPHASIZE ONLINE DICLOSURE AS A PILLAR OF FCC MEDIA POLICY

Historically, the segment of media most directly affected by government policy has been broadcasting. Far from becoming obsolete, it appears that many local TV news operations are more important today than they have ever been. Not only are they the leading sources of news on air, they are emerging as key providers online. Government should make sure it places no unnecessary burdens on broadcasters that are attempting to cover their communities using a variety of media platforms.

Yet these *are* the public's airwaves on which broadcasters base their business. And since the earliest days of television there has been a quid pro quo: taxpayers permit broadcasters to license exclusive use of high-quality spectrum and protect them from interference; in return broadcasters serve the community with programming about significant community issues, in addition to entertainment. Even the FCC's deregulatory policies of the 1980s maintained this principle, which many broadcasters embrace to this day.

For many years, the FCC attempted to enforce this bargain through rules requiring local news and public affairs programming. Over time, and for various reasons, the FCC's license renewal process lost its rigor, permitting stations to retain their licenses regardless of whether they are investing heavily in local programming or doing none at all.

Past efforts to solve this dilemma have not worked. Broadcasters waste time filling out government paperwork, maintaining "issues/programs lists," that are often uninformative, and which few people read. This laborious system is largely useless to consumers, taxpayers and public interest groups, and does little to help make the local market for news work better. Efforts to strengthen the system—such as the "enhanced disclosure" rules and "localism" proceeding—would have been overly bureaucratic and unnecessarily burdensome to broadcasters.

The regulatory system for broadcasters is broken. And while this discouraging track record is due, in part, to muddy policy, it also reflects the reality that the important values embodied in the First Amendment rightly limit the Federal government's ability to take more aggressive action. Even though broadcasting was born thanks to a grant of spectrum from the taxpayers, it is unlike any other industry with a government benefit. While courts have viewed First Amendment protections afforded to broadcasters' speech as being somewhat more limited than for some other media, to aggressively intervene in the programming decisions of broadcasters could nonetheless be an affront to constitutionally protected free speech and free press. There invariably is a tension between two very legitimate goals: the First Amendment on the one hand and the requirement that broadcasters serve their communities in exchange for the use of public spectrum, on the other.

How might this policy riddle be solved? We believe the key is to a) improve transparency in ways that will better empower citizens and make markets work better and b) remove unnecessary burdens on broadcasters who aim to serve their communities.

We are proposing a shift in emphasis for the FCC. In the past, the FCC has tended to view the license renewal system as the only way of exerting leverage over broadcasters to ensure that they serve their communities. This has not been successful. Our proposed approach suggests a greater reliance on disclosure and information to lubricate local media markets. The point of revealing this information is not primarily so *regulators* can discipline or reward stations—but so *consumers* can, if they choose.

This approach is consistent with the FCC's efforts in the last year to put a wide variety of information online. The Internet has made it far more likely that transparency-based approaches can be effective than in the past. The FCC's public interest regime should move into the digital era.

Reduce Paperwork, Terminate Unnecessary Rules and Move Important Disclosure Online

Broadcasters should be spared make-work paperwork and be relieved of the threat of several potentially burdensome rules—*and* the genuinely useful information that is required to be disclosed should be moved online. (See below)

First, we propose that the FCC consider eliminating the longstanding requirement that TV broadcasters create, on a quarterly basis, a paper file detailing programming ostensibly responsive to issues of importance to their community of license. In addition, the ***"enhanced disclosure" form adopted in 2007, but not yet approved by the Office of Management and Budget, should be replaced.*** It is overly complex. Moreover, the Commission should ***terminate the "localism" proceeding and withdraw the localism Notice of Proposed Rulemaking (NPRM).*** While the existing NPRM attempts to advance the worthwhile goal of promoting local media—an aspiration of many of the recommendations in this report—that particular rulemaking includes several unworkable or unnecessarily burdensome ideas, such as a requirement that all stations have around-the-clock staffing.

We also share the view held by all of the current commissioners that the Fairness Doctrine should not be reinstituted for many reasons, including that we believe it could chill speech, undermine news gathering, and potentially violate the First Amendment. In the course of researching this report, we came to understand that while the Fairness Doctrine had been repealed as a policy, remnants of the rule remained on the books. To be clear: the policy is not in effect; restoring it would require a majority vote of the full commission, all of whose members currently oppose the Fairness Doctrine. Nonetheless, we should eliminate any outstanding uncertainty about our intentions—about the localism proceeding, about enhanced disclosure, and about the Fairness Doctrine***. We therefore recommend that the Commission consider cleaning up its books by repealing what's left of the Fairness Doctrine.*** Similarly, the language related to the political editorial and personal attack rules should also be made consistent with current policy. We recognize that these changes have no actual policy import; these policies were already dead, and should remain so. But as a matter of common sense, it makes no sense to have dead policy in a living code of federal rules.

But while eliminating burdensome or ineffective paper disclosures, the FCC should return to the original purpose of the "public inspection file" rules, which was to allow the "public" to "inspect" important information. That rarely happens. Fortunately, the Internet allows for this concept to be far more meaningful than in the past. ***As a general principle, the information already required to be disclosed by broadcasters should be, over time, put online, and the paper file should become a thing of the past.***[2]

Currently, broadcasters are required to disclose in their Public Inspection File a variety of different types of information such as:

- Ownership reports and related materials
- Material relating to FCC investigation or complaints
- Children's Television Programming Reports
- Political file
- Citizen agreements (noncommercial agreements between the broadcaster and citizen(s) groups)
- Lists of Donors (For noncommercial stations)
- License applications and related materials[3]

A transition to a digital system needs to be handled carefully and in a manner sensitive to the capacities of different broadcasters. The FCC should start with the current material that would be easiest to transition and with the most public benefit, and with broadcasters most able to implement it (for instance, it would make sense to focus on TV stations, rather than on radio stations). The FCC might consider creating and maintaining a database itself so TV stations would not have to update the information on their own websites. Taking this approach, and ensuring that as much data as possible is in a standardized, machine-readable format, could also enhance the usefulness and accessibility of the data as well. Online disclosure should be done according to the principles advocated by experts on transparency: in standardized, machine readable and structured formats.

In the cases listed above, our assumption is that what should be moved online is simply the information that is *currently already required* to be in the paper file. But there is one area we propose a change in what kind of material is collected and disclosed—the information that television broadcasters provide about their community-oriented programming, the disclosures designed to fulfill their "public interest obligation." This too should be put online but we recommend a different approach than used in the past. Instead of a detailed form requiring reporting on 365 days of programming (or the current, ineffective system of "issues/programs" lists) we propose a ***streamlined, web-based form focused on a relatively short list of essential data.*** The FCC should strongly consider ***requiring information drawn from only a sample or "composite" week of programming on a quarterly basis, rather than requiring a comprehensive listing of all relevant programs throughout the year.***

As part of this new online form, the FCC should consider having TV broadcasters disclose:

- How much of their programming is about their local community, including some breakdown of types (for instance, reporting about local government).
- How they are using their extra "multicast" channels.
- News-sharing arrangements, staffing levels, and collaborations with other local news entities.
- The extent to which websites are accessible to the hearing and visually impaired.
- Sponsorship identification disclosures for 'pay-for-play' material appearing in news and information programming. (See below).

Since most stations now offer video clips on their websites, we recommend offering a voluntary spot where stations can link to examples of programming they think has especially served the community, including accountability reporting.

This system should be used by both commercial and public TV stations. A random audit system can help insure that the reporting is accurate, or the FCC could consider the viability of a system in which TV stations that have their programming online could post links to the videos about the community.

In most cases, the primary goal should not be to provide the FCC with tools for license-renewal denials, but to provide communities the data they need to understand what their local TV stations are doing and how they compare to others in the city, state, or nationwide. Broadcasters that demonstrably do the most to cover their communities can use this official data to market their commitment. Community leaders—whether the local newspaper media columnist or a citizens group or the Chamber of Commerce—should be able to use this data to highlight which stations are covering their communities most effectively and which are not. Disability groups should be able to highlight the stations whose websites are most accessible. National watchdog groups should be able to rank which TV station chains do the most local programming and which do the least—or which allow for significant numbers of pay-for-play advertising arrangements. Lawmakers making spectrum policy should have a more granular understanding of how broadcasters use their stations and serve the public.

Strengthen "Pay-for-Play" Disclosure Rules

Chapter 3 provided disturbing examples of "pay-for- play" arrangements at local TV stations, in which advertisers have been allowed to dictate, shape or sculpt news or editorial content. This trend, if not checked by the industry itself, will rot away the community's trust in local TV. Current "sponsorship identification" laws and rules already require that stations disclose during a broadcast whether content is paid for, furnished or sponsored by an outside party, but the Commission should make enforcement more effective by considering one simple but potentially potent additional step: when newscasts are required to provide sponsorship identification on air, they should also disclose it on the Internet. Specifically, when a show providing news identifies a pay-for-play arrangement or use of a video news release on air, it should also post that information online, perhaps as part of a unified online public file. This would create a permanent, searchable record of which stations use these arrangements and afford easy access by consumers, competitors and watchdog groups to this information.

Consider the Potential Effects of Newspaper-TV Station Mergers on Local News Ecosystems

The FCC is in the midst of its Congressionally mandated quadrennial ownership review. It will have the benefit of original research not available to this project at the point of publication. So rather than offering specific recommendations, we offer two broad observations.

First, it is easy to see how newspapers and TV stations merging operations could lead to efficiencies and improved business models that might result in more reporting resources and therefore help reach the policy goal of enhanced "localism." On the other hand, it is also easy to see how such mergers could simply improve the bottom line of a combined company *without* actually increasing the resources devoted to local newsgathering in a community. Therefore, we are not persuaded that relaxing ownership rules would *inevitably* lead to more local news, information or reporting or that it would *inevitably* lead to less.

Second, it goes without saying that in considering the cross-ownership rules, the FCC should consider the impact of its rules on local news and public affairs reporting in the community as a whole. The FCC should consider looking at shared services agreements with the same question in mind—whether the arrangements contribute to the overall media health of the community.

Improve Disclosure and Other Policies for Cable and Satellite Operators

The leased access system for cable television appears to be grossly ineffective. It was supposed to ensure that as much as 15 percent of cable capacity went to independent programming, including local material. Instead, less than one percent does. ***The FCC should undertake a comprehensive study on the current state of leased access*** and whether it fulfills the goals set out by Congress.

Another way that MVPDs could help communities is by offering local all-news cable shows. Some cable operators are already providing valuable local cable news operations, but many find them to be uneconomical. Congress might consider legislation to ***reduce the leased access burdens for MVPDs that carry local cable news efforts*** (whether created by the cable operator, a broadcaster, or other player). Moreover, we hope that if there are broadcasters or other organizations that want to fund all-news channels, MVPDs—especially those that do not already fund local cable news operations—they will seriously consider the tremendous potential benefits to communities of providing carriage to such channels.

As for Direct Broadcast Satellite companies, Congress gave the FCC the authority to set aside between 4 and 7 percent of their capacity for educational programming. In 1998, the FCC chose 4 percent on the grounds that DBS was a fledgling industry. It may now be worth another look at that requirement, as today the DBS industry is well-established and currently serving millions of Americans. Under the current set-aside program, satellite operators air valuable educational programming. However, they are also turning away additional educational programming—public affairs, religious and otherwise—on the grounds that they have no capacity. We recommend that the FCC more thoroughly ***assess the effectiveness of the set-aside system***. In the meantime, ***the information that satellite providers currently offer upon request should be put online, available to the public.*** This should continue to include information about how they calculate the number of stations eligible under the set-aside; what those programmers are charged; what channels are being accepted and rejected, and why.

MAKE IT EASIER FOR CITIZENS TO MONITOR THEIR GOVERNMENT BY PUTTING MORE PROCEEDINGS, DOCUMENTS AND DATA ONLINE

Of course transparency is not only important for the FCC or broadcasters. Greater openness by government—at all levels—can make it easier for Americans to inform themselves and for both citizen and professional reporters to hold institutions accountable.

First, citizens should be able to more easily monitor the workings of state and local government. State government spending has risen substantially while the number of traditional news reporters watching over that spending has dropped by a third. Several state public affairs networks (SPANs) have showed that they can help provide some measure of accountability—simply by airing the proceedings of government. Some SPANs also provide venues for candidate debates, town halls and forums on critical state and local issues. Therefore, ***every state should have a vibrant public affairs network, a state-based C-SPAN.***

The cable industry has long pointed with pride to its creation and support of C-SPAN, an effective way of meeting civic needs without government regulation. We agree—and believe all MVPDs should work toward the goal of insuring that state public affairs networks become as significant on the state level as C-SPAN has become on the national level.

There is no one-size-fits-all way to do this. We are partial to the model that has worked for C-SPAN, in which the cable industry itself provided the upfront capital and now pays the network annually through subscriber fees. This model has the advantage of reducing a network's dependence on the state legislature it is supposed to cover (a common funding source in the states in which the cable operators have not funded spans). But other models may work as well. For instance, in some states, the public TV stations air the SPANs; the Corporation for Public Broadcasting could further incentivize such collaborations. Or, Congress could consider ***reducing the leased access requirements to cable operators that give carriage or financing to SPANs.*** State legislatures should consider ***looking at the PEG (Public, Education and Government access) system as a way of carrying and financing state SPANs***. Our reading of the 1992 Cable Act is that such efforts could qualify as appropriate PEG programming, which would also mean SPAN programming could be eligible for funding from local franchising authorities.

Second, and just as important, ***governments at all levels should put far more data and information online, and do it in ways that are designed to be most useful***. Among the data most important to be disclosed are those related to: the integrity of political institutions (e.g., campaign contributions, financial disclosures and disclosures of outside employment by government employees), government agency performance (audits), public expenditures (e.g., budgets, expenditures), public health and safety (e.g., inspection reports for schools, hospitals, nursing homes, child care centers, bridges and buildings), and legal compliance by regulated entities (e.g., fictitious business name registrations, environmental citations, disciplinary actions against attorneys and physicians).

It matters greatly *how* this information organized. It needs to be put out in standardized, machine-readable, structured formats that make it easy for programmers to create new applications that can present the data in more useful formats, or combine one agency's information with another. ***Data releases should include an Application Programming Interface (API) that allows the data to be shared easily with other computers and applications.*** Rep. Darrell Issa's Government Information Transparency Act would require "a single data standard for the collection, analysis, and dissemination of business and financial information for use by private sector entities . . . for information required to be reported to the Federal Government, and a single data standard for use by agencies within the Federal Government for Federal financial information."[4] It would further require that the standard represent "a widely accepted, open source, non-proprietary, searchable, computer-readable format for business and financial data."[5] These are excellent ideas, and should guide the approaches of state and local governments as well. Ultimately, whenever possible, government documents should also be created in searchable, analyzable formats.

These approaches can make government more effective and efficient. For instance, the FCC recently undertook to document broadband speeds in different parts of the country. Instead of sending out, say, half a dozen researchers to report on variations, they built an application that allowed citizens to perform tests themselves and report the data to the FCC. Two million submissions resulted.

Putting more government data online will make it more likely that entrepreneurs can create new businesses and jobs based on distributing, shaping or analyzing this data. It will enable reporters to unearth stories in a day or two that might have previously taken two months. And it can make government more useful to citizens, and in so doing, encourage broadband adoption by making the Internet ever more relevant to people's everyday lives. (And, in a virtuous circle, increased broadband adoption will lead to a greater likelihood of success for digital news enterprises).

To make this strategy most effective, data should be archived so that information, once posted, does not disappear over time.

Policymakers should also consider ways to ensure that many of the companies and organizations that receive public funding or are regulated by government electronically file information so taxpayers could track the quality of their performance and the use of public dollars.

Legislatures should consider increasing the likelihood that the public gets maximum value from government transparency initiatives by creating, within each jurisdiction, two positions: a Senior Transparency Officer, who would audit the performance of individual agencies and coordinate training, and a public Information Ombudsperson, to mediate public information disputes promptly. Governments could consider maintaining a single online portal to facilitate access to public documents, whether those "documents" take the form of text, audio or video. The portal could give access to webcasts, both live and archived, of all public meetings and hearings, from sessions of Congress to town halls.[6] ***We would also encourage legislative bodies to consider the proposal,*** advocated by House Energy and Commerce Committee Subcommittee on Communications and Technology Chairman Greg Walden and others on the federal level, that such portals be used ***to post all nonemergency legislation for at least 72 hours prior to a final vote, to facilitate public and media analysis***.

Public records law should carry a presumption in favor of releasing documents whose disclosure would not undermine national security, public safety, compelling privacy interests, trade secrets, or law enforcement. Those responsible for compliance with open records laws should be fully trained, so that they are aware of the relevant laws governing what counts as "confidential" versus "public" information. Agencies should post responses to information requests online to avoid duplication in requests and redundant compliance efforts.

The federal government can also play a helpful role by fostering technical advances in the cause of transparency. The National Archives and Records Administration, in collaboration with OMB, might convene a national working group of Chief Information and Technology Officers to discuss and decide upon technical and operational procedures. A computing "cloud" for the permanent storage of all government events could be created. The Library of Congress, National Science Foundation, Department of Homeland Security, Department of Defense (especially DARPA), and National Endowment for Humanities already support, to some extent, research into tools that can aid in the mining of text, audio, and/or video recordings. Such funding should be coordinated to assure it operates in ways that will facilitate accountability reporting.

Foundations and other nonprofit groups can help by developing apps and other software that make it easier for citizens and reporters to make use of the data that is put forward. The Apps for Communities programs run by

New York City, DC and the FCC's Apps for Inclusion programs might serve as models for other local governments and other foundations.

CONSIDER TARGETING CURRENT GOVERNMENT ADVERTISING MORE TOWARD LOCAL MEDIA

The government currently spends money on advertising to advance various public goals—such as military recruitment, census compliance, or park safety. In 2005, the amount spent was $1 billion, according to the General Accountability Office. Currently much of this spending goes to national entertainment media. Some local broadcasters have argued that this could be targeted to local news enterprises without undermining the cost effectiveness of the campaigns, and perhaps even *saving* taxpayers money. We agree. ***Targeting existing federal advertising spending to local news media could help local news media models—both commercial and nonprofit, online and off-line—gain traction and help create local jobs, while potentially making taxpayer spending more cost-effective***. In the past, it may have been more cost effective to buy national rather than local but technological improvements have made it possible to easily buy local media placements on TV, in print and online—so that shifting ads to local news media could prove *more* cost-effective for taxpayers. To be clear, we have no opinion on how much the federal government ought to spend on advertising; but if it does spend money on marketing, it makes public policy sense to target it to a variety of local news media.

One critical point: with such an effort, it is imperative that this strategy be implemented in a way that is strictly non-political and not subject to political manipulation. This appears to be an achievable goal, as ad spending currently appears to be apolitical and new technology allows for the buying of ads in such a way that government entities need not be involved in the micro-decisions about which specific media entities get money. Targeting would need to be focused on broad industry-standard categories and quantitative measures.

Another important advertising-related policy issue is privacy. Regulators and consumers have an extremely legitimate concern that targeted advertising might invade the privacy of Internet users. However, ad targeting, since it commands higher prices, offers one possible way for local content creators to build sustainable business models that can help finance local journalism. When considering privacy rules, the policymakers should therefore also ***consider the positive benefits of ad targeting for local news and journalism operations.***

In recognition that advertising is, and will always be, a crucial part of media business models, we also ***recommend against proposals to raise money for public media by taxing advertising***. This would make it harder, not easier, for both commercial and nonprofit media entities to create sustainable business models. As scholar Adam Thierer has written, "Advertising benefits society by subsidizing the creation of news, information, and entertainment."[7]

MAKE IT EASIER FOR NONPROFIT MEDIA TO DEVELOP SUSTAINABLE MODELS

Some types of journalism are so costly, and provide such a poor short-term financial return on investment, that commercial media will likely under-finance their production. We therefore believe that the nonprofit sector, broadly defined, should play a greater role in filling the gaps in labor-intensive reporting.

Nonprofit media includes a wide range of players including large nonprofit media companies (such as the Associated Press and *Consumer Reports*), public TV and radio, nonprofit information or publishing websites (such as Wikipedia, Mozilla and Wordpress), local independent nonprofit websites, Low Power FM, PEG channels, state public affairs networks (SPANs), journalism schools and nonprofit programming on satellite TV. Some receive government funds; most do not, which is as it should be.

We estimate it would take somewhere between $265 million and $1.6 billion to fill the current gaps in local reporting each year. Some will hopefully be filled by the commercial sector in the coming years but, at least in the near term, a meaningful chunk of this missing accountability reporting will need to come from the nonprofit sector, broadly defined, including individual citizens, foundations and philanthropists donating to nonprofit media. The ***main focus of government policy should not be providing the funds to sustain reporting but rather helping create conditions under which nonprofit news operations can gain traction***.

Obstacles in Tax Policy

Private donations to nonprofit media will be an important factor in the health of local media.

The tax code already indirectly subsidizes nonprofit media, along with many other types of nonprofits, by allowing Americans to deduct from their taxable income the amount that they contribute to charities. In the case of charities, the government does not decide to give particular subsidies to organizations it deems worthy; rather, it enables the decisions of American taxpayers. Within broad parameters, no one at the IRS decides whether a donation to the soup kitchen is more meritorious than one to the senior center. It currently works that way for nonprofit media, too. Someone who donates $100 gets the same deduction if she donates to a conservative magazine, a liberal radio station or a nonpartisan investigative website—as long as the recipients are all eligible nonprofit organizations. The government subsidy simply magnifies the impact of the individual's choice. The system works well.

However, some nonprofit media entrepreneurs and tax experts have expressed concerns that these rules were designed for a certain type of charity, and nonprofit media companies sometimes fit more awkwardly into those parameters than they should. Indeed, some nonprofit media entrepreneurs feel confused about the IRS approach. The agency allows numerous magazines, investigative reporting groups, and websites to be registered as nonprofit organizations—yet in 1977 it denied tax exempt status to a nonprofit newspaper on the grounds that its operations were "indistinguishable from ordinary commercial publishing practices. Accordingly, it is not operated exclusively for charitable and educational purposes."[8] Nonprofits currently face uncertainty, steep legal bills or the prospect of losing their nonprofit status if they make the wrong move.

In addition, the IRS code prohibits nonprofit charities from lobbying for legislation. While few (if any) nonprofit news websites want to lobby, some fear that even running a commentary for or against a piece of legislation might count as lobbying and jeopardize their tax status. This potentially chills free speech and makes it harder for a nonprofit media entity to do its job—covering important news and civic issues—and restricts development of sustainable business models.

Another issue raised by nonprofit web startups is advertising. A nonprofit website that wants to take advertising has to count it as unrelated business income—taxable like a for-profit business—even though in every other way the organization functions as a nonprofit.

In the past, when it became clear that a particular set of IRS rules did not fit an industry, lawmakers created a new 501c category that better reflected the realities of that group, e.g. railroad retirement funds (501c28) or cemetery companies (501c13). Some have suggested, therefore, the creation of a subsection of the tax code for nonprofit media. Other tax experts reject that idea, suggesting that the current tax code could work adequately if the IRS were to clarify some of its positions. Either way, it's important that tax ambiguities or restrictions do not stand in the way of essential nonprofit media innovation.

Finally, policymakers should consider finding ways of giving owners of dying newspapers, TV stations or radio stations a way to convert them to nonprofit status. We have seen over and over again that even financially embattled newspapers, including those in bankruptcy, still have tremendously valuable assets. In most communities, they produce the most popular news website so they are well positioned to transition to the digital age. But they may not be able to produce the profit margins demanded by publicly traded corporate chains. In other words, some newspaper-based media companies could survive as nonprofits even if they cannot as for-profits. But switching from commercial to nonprofit status is financially difficult, in part because creditors understandably want to be made whole. A bill by Senator Ben Cardin attempted to make such conversions easier, but there may be additional tax changes that could be considered.

This is a complex area. Some believe that the needed modifications are minor and could be done through IRS rulings. Others suggest statutory changes. The particulars are beyond our area of expertise so we make these two broad recommendations:

Policymakers should recognize ***that cleaning up the ambiguities in the tax code for nonprofit media is potentially a crucial step toward enabling nonprofit entities to develop sustainable business models.***

A respected nonpartisan organization, such as the Council on Foundations, ***should convene both nonprofit tax experts and nonprofit news entrepreneurs to study the question of what tax changes or clarifications could better enable nonprofit media to meet the information needs of communities and issue a report making recommendations about how to implement such changes***. The report could then serve as a roadmap to ensure an organized and focused sector-wide approach to the issue.

A Crucial New Role for Foundations, Philanthropists and Citizens

Several foundations have already played a crucially important role in stimulating innovation during this period of dramatic transformation of the media landscape. We recommend that more foundations, philanthropists and citizens consider thinking about news media differently than in the past.

In general, a growing but small percentage of foundation and philanthropic spending goes toward helping communities enrich and protect themselves through local reporting. No doubt foundations and philanthropists had until recently viewed the funding of journalism as unnecessary since the well-heeled commercial media sector seemed to be filling these needs. In addition, philanthropists and foundations pursue other worthy causes, many of which will seem, and often are, more immediately pressing than the quality of local reporting. It could seem hard to argue for a city hall reporter over money for local food banks.

But, in fact, society will be less equipped to solve pressing problems if it is ill informed. It is now clear that there are important gaps—not in the number of media outlets or the forms of media distribution but specifically in labor-intensive, professional reporting, especially on the local level. As demonstrated in Part One, these shortages have particularly worrisome consequences in the areas of education, health, government accountability, and crime. Ensuring that communities have a healthy media system is not in conflict with foundation efforts to other important goals; it's a prerequisite for them to meet those needs. Foundations or philanthropists that focus on particular issues should be conscious of the role of media in a) educating the public and b) holding officials and the institutions that oversee reforms accountable. Spending money on a cause without ensuring that there are reporters to analyze the problem, and the proposed solutions, makes it more likely the money will be wasted. For instance, it seems more than a little risky to devote billions to education reform when most communities do not have full-time education reporters working to make sure the reform is effective. Foundations focused on economic development or financials issues should fund business reporters; those concerned with religion should fund local religion reporters; etc. Alberto Ibargüen, the president of the Knight Foundation has said, "It is hard to succeed in the areas of environment, safety, education or health when the news and information system isn't working."

An especially important role will need to be played by the 650 local "community and place based" foundations, often formed by local business and other civic leaders, that spend $2.6 billion a year attempting to build healthy communities. These foundations have become crucial players in helping solve local problems. Terry Mazany, the president of the Chicago Community Trust put it well: "The success of nonprofit organizations depends on a strong media ecosystem." We applaud the interest expressed by a growing number of local foundations, for just as foreign countries without a robust press tend toward corruption and economic stagnation, communities without a healthy media will suffer.

Some may argue that relying so heavily on donations from foundations, nonprofits and individuals lets government off the hook. But we do not believe government should play the primary role in directly funding journalism, in part because it is difficult (though not impossible) for the state to fund accountability reporting against the state. Nonprofit media outlets are more likely to succeed if they draw money from a wide variety of different sources, including foundations and individual donations.

We hope that a critical mass of foundations and donors that do increase their commitment to this field approach it in a nonpartisan, non-ideological fashion. Foundations that invest in reporting need to have a basic faith in the ultimate societal value of objective reporting and let go of the notion that only journalism that advances a particular set of policies should be supported. At least some reporters need to be *reporters*, not propagandists. One inspiring model is the John Locke Foundation, a free-market foundation in North Carolina, which decided that the lack of nonpartisan statehouse reporting was harming the state. John Hood, the president of the Foundation, believes that since the commercial sector will not fill the gaps, foundations and other donors will need play a bigger role: "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."

Foundation leaders have been discussing many creative new ways of helping local media. In many cases they are working on their own, determining how local media fits in with their other missions. But there is increasing discussion about collaborations as well. For instance, foundations that fund controversial journalism directly will need to develop thick skins and a set of journalistic principles when local powers-that-be complain. Some have therefore suggested creating state-level foundation collaboratives. This would provide a level of political insulation, since a third body, one level removed, would be making the funding decisions rather than the individual local foundation. This could also create a mechanism for insuring that poorer communities lacking local foundations might benefit. Some state foundation collaboratives could consider creating a pool of funds to subsidize local nonprofit websites through a formula based on traffic growth or success in recruiting large number of donors, rather having than only a competitive grant system. This would reward success and help ensure that foundation money provides ongoing online operational support, not just seed capital. The collaborative structure might work for national foundations as well. For instance, foundations, philanthropists and individual donors might create a national organization for the funding of local school reporters on the Teach for America model. The financing could be split between national philanthropy and local community foundations; the reporters could be placed in either for-profit or nonprofit entities.

Foundations have already shown tremendous creativity in supporting journalism, not only funding nonprofit news websites but also journalism schools that do reporting and technology that helps local reporting flow. In that vein, we hope foundations will also consider ways they can help nonprofit groups make good use of data and information put out by local governments. Transparency will only work if there are mechanisms for organizing, analyzing and distributing the data. We also can envision a role for foundations in helping make the FCC's new transparency efforts effective as well. Having broadcasters disclose information about their programming will only improve the functioning of commercial markets if the data are well used.

Ordinary citizens are crucial, too. Most nonprofit websites that have been created in recent years rely heavily on individual contributions. Those who support veterans' organizations might consider whether there are any nonprofit media outlets that have paid special attention to the plight of veterans. Those who give to soup kitchens, might look for local media that has made a commitment to covering poverty. It is time for citizens to think of media as an important item on their menu of charitable choices.

We do not, by the way, express a preference for individuals to give donations to free nonprofit sites *over* paying a subscription for a commercial media product. Indeed, the more done by the commercial sector, the better. But labor-intensive, civically-valuable reporting will not flourish unless citizens spend more on it, whether through donations to nonprofits, subscriptions to commercial entities, or a combination of both.

Even a relatively small shift in behavior can have a significant impact on nonprofit media. If local "place based" and community foundations, which have a big stake in the health of communities, put 5 percent of their spending toward journalism it would generate $130 million annually to fulfill the local information, news and accountability journalism needs of communities. If the foundations of the top new media companies and their founders, which have benefited tremendously from the new media landscape, put 5 percent of their spending toward local accountability journalism, that would generate $220 million annually. If Americans spent one percent of their charitable giving on nonprofit media, that would generate $2.7 billion per year. To make it easier for individuals to give to local media, should they so choose, nonprofit groups and foundations should consider creating a database of nonprofit media, searchable by zip code and interest. We hope that the foundation sector will consider year-over-year increases in the funding of accountability reporting and we hope that each year more individuals will do the same.

A Crucial New Role for Journalism Schools

Journalism schools have begun playing a significant new role in the media ecosystem. Innovators in the profession are calling for schools to adopt a "medical residency" model, which is to say—have the students *do* journalism as they learn it. Given that in any year there are about 4,500 graduate students and 50,000 undergraduates earning journalism degrees, this has the potential to add meaningfully to the accountability journalism in many communities. Many journalism schools have created partnerships with other media entities and achieved great results. (See Chapter 14, Journalism Schools.) ***We recommend that foundations and philanthropists help fund journalism-school "residencies" for recent graduates*** who can help manage year-round efforts to produce significant journalism for the community, using journalism school students. This simple step could enable journalism schools to significantly increase their impact in communities, while improving the quality of their instruction at the same time.

Public Broadcasting and the Emerging Nonprofit Media

Give Non-Commercial Broadcasters, Including Religious Broadcasters, More Flexibility to Create Sustainable Nonprofit Business Models

Both supporters and opponents of government funding for public broadcasters should be able to agree that government rules should not hamstring the ability of noncommercial broadcasting to create sensible, responsive business models that make them less dependent on taxpayer funds.

There is some confusion, for instance, about whether FCC rules prohibit public TV and radio stations from accepting advertising or merchandizing products on their websites. They do not. According to FCC rules, the ***restrictions on underwriting or merchandizing that govern on-air programming do not apply on the websites created by public media.*** Stations or funders may have their own rules or policies leading them to not take advertising online but they should do so with the knowledge that FCC rules do give them flexibility.

The National Religious Broadcasters and others have argued that the FCC should allow noncommercial stations to devote a small amount of air time, up to one percent, to help fundraise for charities and other nonprofits. In some cases, having local charities on the air can be a useful way of informing residents about problems in their communities, and certainly allowing such efforts can help stations achieve their public service or religious missions. We recommend that the FCC consider allowing stations or programmers that are not grantees of the CPB, such as most religious broadcasters, ***to spend up to one percent of their airtime doing fundraising for charities and other third-party nonprofits.*** The broadcasters should ***disclose how this time is used—including how much is helping charities in the local community—so the FCC can make an assessment about the efficacy of this experiment.***

Remove Obstacles That Prevent CPB From Emphasizing Local Content and Innovation

Public broadcasters need to continue to play an important role on the media landscape. They have done superb work in many areas, and this would be precisely the wrong time to defund the Corporation for Public Broadcasting.

But the system can be improved so that public TV and radio would be more likely to produce local programming and digital innovation.

Like commercial broadcasters, ***public TV stations should be spared the paperwork burdens of the current disclosure system*** and ***required to offer the public clear information about how much local programming they are doing and other types of information that might promote accountability and improve quality.***

The leaders of the Corporation for Public Broadcasting have asked for more flexibility as they embrace a 21st century mission. We agree. For instance, it may not make sense to continue to stipulate that approximately 75 percent of funding go to public TV and 25 percent go to radio. In a converged world, radio stations are doing video on their websites; TV stations are producing for the Internet, and websites are doing multimedia for multiple platforms. Based on what public media leaders have told us, local communities would benefit if the CPB had more flexibility to award money to multimedia innovators, whether their original platforms were TV or radio or something else. ***We especially hope that such flexibility would be used by CPB to incentivize public media players to provide more*** local ***content and services.***

We also would like to see public TV consider the potential of state public affairs networks (SPANs) as a possible form of programming on their multicast channels. Perhaps CPB could provide extra funding to public TV stations that provide carriage for such operations.

CPB should have more leeway to fund nonprofit media that do not hold an over-the-air TV or radio license. It makes little sense that a nonprofit children's program that runs on a broadcast station gets money from CPB but an equally good nonprofit children's program that runs on only satellite TV does not. CPB should consider funding educational programming across a broader range of platforms including: ***nonprofit programming on satellite, PEG channels, Low Power FM stations, state public affairs networks and nonprofit websites.***

However, we recommend that ***any non-broadcast nonprofit media outlet getting government funding should not be allowed to have more than 15 percent of its revenue come from the Corporation for Public Broadcasting***. Eliminating the possibility that government would become the dominant funding source would go a long way toward reducing the odds that the state could financially pressure media. The bulk of the money for local nonprofit news sites should come from users and philanthropy, not government. To further guard against political interference at the local level, stations should, if they don't already, ***have clear policies assuring editorial independence from underwriting pressures.***

Encourage Collaboration between For-Profit and Nonprofit Sectors

One of the most intriguing developments has been the organic rise of partnerships between for-profit and nonprofit entities. The partnership between Channel 7 in San Diego and the nonprofit website Voice of San Diego was so promising that that Comcast decided to apply it to four other local NBC stations, a decision we endorse. We saw fruitful collaborations, too, when the Pulitzer Center on Crisis Reporting, a nonprofit, worked with the *Washington Post* and when the Texas Tribune and Chicago News Cooperative were hired by the *New York Times*. The idea of the commercial and nonprofit sectors working together is not brand new—newspapers for years have relied on a nonprofit, the Associated Press, for essential coverage—but this model may become more important over time. Commercial ventures will gravitate toward the more profitable lines of business, yet they cannot ignore labor-intensive accountability coverage. Nonprofit ventures can fill the gaps but will struggle to survive. In all of these partnerships, the commercial entity benefited by getting high quality and low cost coverage; the nonprofit benefited by getting exposure and, yes, cash for services. If nonprofits can reliably count on this additional revenue stream—fees for service—from the commercial sector, both sides benefit. Most of this will happen organically. But public policy may be able to remove obstacles. For instance, IRS changes may make it easier for nonprofit websites to thrive and grow into such partnerships. When the FCC creates a streamlined disclosure form for broadcasters, it should offer a field for stations to describe their partnerships, including with nonprofit news websites. In making funding decisions, CPB could consider assessing the willingness of public broadcasters to engage in partnerships and help the media ecosystem as a whole.

There is one public-private partnership we think would be a bad idea: some have suggested creating a federally-funded AmeriCorps program for journalists. Journalism should often be about challenging powerful institutions, which sometimes will draw political fire and controversy. AmeriCorps has grown and prospered by focusing on the forms of service on which most Americans can agree, such as tutoring, helping seniors, or working for Habitat for Humanity. Creating a government-financed AmeriCorps for reporters would potentially seriously harm AmeriCorps.

SPANs, PEGs and LPFMs

PEG channels are in a time of great flux. These stations, and related community media centers, need to evolve, and many are. The original mission of providing media access to a diversity of voices is somewhat less compelling today given the availability of such platforms online. We applaud the community media centers that have moved to become key venues to help train citizens in digital literacy. We recommend that community media centers explore ways to help increase digital literacy and broadband adoption, and that ***policymakers consider community media centers as a resource that can aid in efforts in those areas.***

We also believe that ***PEG channels should not necessarily resist local efforts to require a minimum amount of local programming***. If community media centers cannot provide a minimum amount of original programming, it is possible that some other nonprofit entity that can do so should take over. We also encourage community media centers to work collaboratively with other nonprofit media, and vice versa. For instance, in some cases PEG channels could be used to carry state public affairs networks—or as a venue for local nonprofit websites to create local news shows. ***PEG channels should consider evolving into broader platforms for a broader range of nonprofit programming, including that created by local nonprofit websites, LPFMs, SPANs, public radio or independent video programmers.***

At the same time, if the PEG community is going to push itself to evolve, it needs to do so with the knowledge that its basic rights are not being degraded by MVPDs or local government. It would be extremely unfortunate to cut back on Community Media Centers at precisely the moment when the need for creativity in local nonprofit media is growing. Community Media should continue to improve but should be an important part of the local media solution in the years to come.

In a bipartisan move, Congress recently passed and President Obama signed a law making it easiewr for Low Power FM stations to proliferate. The FCC must now implement the law. In doing so, ***the FCC should make sure that licensing "windows" are set up in such a way to give LPFMs a fair shot at getting traction throughout the nation. LPFMs have asked the Commission to require a minimum amount of local programming. We recommend that the Commission consider such a requirement.***

Finally, it's clear that these thousands of local content creators ought to be able to find audiences far-and-wide for some of their material. Some, of course, have been uploading audio or video online, where anyone can check them out. But ***social entrepreneurs and foundations might also consider creating clearinghouse systems*** akin to documentcloud.org or Internetarchive.org—or expanding those that already exist. This would allow these media institutions grounded in audio and video to use the Internet not only reach new users but learn from each other. Moreover, to the extent that they air material about local governments or other important institutions, creating such a platform would improve accountability as well.

ENSURE THAT BROADBAND IS WIDESPREAD ENOUGH TO FUEL DIGITAL MEDIA INNOVATION

Universal and Open Internet

The highly motivated, well-wired news consumer can find many different sources of information. But those who lose the services of a high quality local newspaper and do not have meaningful access to the Internet will end up worse off than ever before. Conversely, media models online often depend on scale, so some models will only work once Internet usage reaches a certain level in a local community. Whether digital news enterprises depend on advertising or subscription fees or some other model, they will be more likely to succeed as the number of Americans using high speed Internet increases. Increased broadband adoption will increase the audience for digital news enterprises as well as the pool of citizen journalists capable of generating digital news. In short, ***universal broadband is an essential ingredient for enabling local media innovation to succeed and to improving the information health of communites.***

Many of the most promising developments involve concerned citizens who have attempted to fill a gap in the information needs of their communities by starting new ventures. We take for granted that such innovation can happen on the Internet and in the mobile sector, but we should keep in mind that it is only ***the openness of the system that allows for small startups to rise up*** so easily.

Strong Libraries

Rather than being rendered obsolete by the Internet, libraries are playing an ever more important role in the information life of their communities. Forty percent of those in poverty say their sole access to the Internet is through the library. Poor children who lack digital skills will stay poor; unemployed adults who cannot access job opportunities will stay unemployed. Insuring that libraries have enough terminals and fast enough speeds becomes a matter of both basic equity and economic necessity.

At a minimum, as government plans broadband deployment and adoption strategies, it should consider the central role of public libraries. Whether helping them to become Wi-Fi hotspots or providing more desktop terminals, a first order of business is to ensure that those who want Internet access should get it.

Local foundations and businesses may play a role, too. To the extent libraries are maxed out because of lack of equipment or technical expertise, ***technology companies can and should help fill the gap by donating equipment and services.***

Encourage Broad-based Digital and Media Literacy

There is widespread agreement that more needs to be done to promote "digital literacy"—the basic 21st century skills of how to use the Internet and the latest information and communication technology. This is a matter of fairness and economic competitiveness. The National Broadband Plan offered many good ideas. We add one more: we have noticed that the community media centers that run Public, Educational and Government access stations have increasingly taken on the task of teaching digital skills. This is a very healthy development. ***Community media centers should continue promoting digital literacy, and localities considering cutting PEG funding should re-assess those decisions in light of this new role.***

"Media literacy"—learning how to be a shrewd consumer of information online—is also crucial. Citizens all across the country deserve to have the tools to assess information about health, schools and other important facets of living. In addition, consumers who recognize and are thus empowered to demand quality programming, including journalism, will make it more likely that business models can develop to provide such news. ***We oppose the creation of a mandatory national standard or curriculum***; as it should be a local matter to design such programs. But fortunately, a thousand flowers are already blooming on the local level, in red, blue and purple communities around the country.

Incentive Auctions and Public Broadcasters

In order to promote wireless broadband, the FCC has proposed a voluntary incentive auction allowing broadcasters to contribute some or all of their spectrum in exchange for a portion of the proceeds. Public television license holders may want to participate as well. Policymakers should take care to treat public TV spectrum in a way that is both fair to current public TV license-holders and in keeping with the original principles underlying the decision to set aside spectrum for educational broadcasting. Specifically, ***public TV license holders who voluntarily contribute spectrum should be treated on a par with the commercial broadcasters***. Whatever portion of the auction proceeds that commercial broadcasters get to keep as an incentive, noncommercial broadcasters should get the same.

As some of that "noncommercial educational broadcasting" spectrum makes its way to the commercial wireless companies that purchase it, Congress may consider directing a portion of auction proceeds to educational purposes. If so, we recommend including technology efforts that help to ensure that the information needs of communities are well met. We have become particularly convinced that investment in this innovation infrastructure can have huge benefits for the development of local media, both nonprofit and commercial. Moreover, technology investment is content-neutral. One could imagine, for example, that funding for software that enables machine reading of handwritten or nonstandard documents could help citizens and reporters hold institutions accountable. Or, government could fund the creation of a "public meeting cloud" to provide a low-cost way to archive and share video of local, state and national government meetings. Eric Newton, vice president of the Knight Foundation, observed:

"If a tech fund systematically unleashes open source software applications and the technology needed to operate them, and grants money for code, coders and computers to news organizations across the country, it could spread public media innovation faster into new groups and deeper into existing ones, and create nothing less than a news renaissance in America."[9]

ENSURE THAT MODERN MEDIA POLICY WORKS FOR PEOPLE IN HISTORICALLY UNDERSERVED COMMUNITIES

People with Disabilities

The recently passed Twenty-First Century Communications and Video Accessibility (CVAA) Act made great strides toward achieving the goal of ensuring that people with disabilities have full access to new forms of media. The swift and effective implementation of this Act is critical to ensuring that consumers with disabilities are fully able to reap the benefits of new media technologies.

New technologies offer tremendous opportunities for people with disabilities, but only if websites, applications, and the devices used to access them are designed to be accessible. This means that Web content needs to be provided in ways that are directly accessible (e.g., with closed captioning and video description) and compatible with assistive technologies (e.g., screen readers). In addition, when possible, media sites should comply with web content and authoring tool accessibility guidelines that specify features that web creation software should have to produce accessible content. The federal government is required to comply with these accessibility objectives under Section 508 of the Rehabilitation Act. But it is just as important that private websites aspire to meet these standards. We therefore recommend that TV stations, as part of their online disclosure form, describe the extent to which their websites are accessible to people with disabilities. In addition, we recommend that manufacturers of mobile devices move swiftly in meeting their future obligations under the CVAA to provide accessible interfaces and Internet browsers on media-capable wireless devices so that people who are blind or visually impaired have full access to web-based functions on these devices.

In general, as technology continues to change rapidly, the FCC should be attentive to how these new developments—such as cloud computing and emerging applications—affect whether people with disabilities can get the news and information they seek.

Minorities and Small Businesses

In general, the Commission should consider the impact of broadcast media ownership policies on local programming, and the impact of spectrum licensing policies on small businesses and minority and women-owned businesses.

For instance, the FCC is currently assessing what should happen to spectrum currently occupied by TV channels 5 and 6 in the event the band were realigned after a voluntary incentive auction, if Congress authorizes such auctions. The FCC should consider whether, in areas where TV channels 5 and 6 are not currently utilized for TV broadcasting, there exists the potential to expand TV or radio opportunities to new small businesses, including minority- and women-owned businesses.

The FCC's original efforts to provide more Low Power FM licenses stemmed in part from a desire to open up more radio opportunities to minorities. The recently enacted Local Community Radio Act creates an opportunity potentially to open up hundreds of new LPFM stations in urban areas. ***The FCC should administer the new statute to maximize that potential and should take extra steps to disseminate information about any availability of new local broadcast opportunities.***

Alarmingly, minority ownership in traditional media is declining. The "tax certificate" program that was initiated in 1978 appears to have stimulated genuine improvements in minority ownership, but perceived abuse of the program led Congress to delete the Commission's tax certificate authority in 1995. Moreover, courts have since blocked government agencies from using race-specific remedies without sufficient data to support the need for race-conscious measures. The Commission, in a bipartisan vote, has recommended to Congress that it ***reinstate the tax certificate program with a focus on small enterprises and new entrants,*** which may include minority and women-owned businesses. This would both stimulate local job creation and improve diversity.

Foundation efforts to assist journalism schools that adopt the teaching hospital models should ***pay special attention to communications programs in historically black colleges and other schools with particular emphasis on reaching historically underserved communities.*** Additionally, public broadcasters can perform a vital educational resource function in local communities and should be encouraged to adopt outreach efforts to support their local communities, including minorities.

Transparency is key. Policymakers, citizens and entrepreneurs need better information about media ownership by small businesses, and minorities. The Commission currently requires entities that hold broadcast television and radio licenses to submit data on minority and female ownership on a biennial basis, and recently made public the data filed for the first time on the recently revised ownership reporting form. ***It should continue to do so on a regular basis***. The Commission suspended collecting data from broadcast licensees on racial, ethnic, and gender employment at broadcast stations and cable systems while it resolves whether station-specific data should be kept confidential. It should ***resolve the confidentiality issue and resume the collection of such data.***

To ensure that the new media economy leads to all communities being served, the Commission can play a supporting role by educating would-be entrepreneurs on opportunities for financing. ***The Commission might consider creating or participating in a Minority Capital Institute*** or similar permanent office that could conduct seminars on auctions, private sector capital availability, broadcast expertise, and other financial issues.

* * *

These recommendations attempt to address some of the challenges facing us right now. But the media landscape is changing continually. As conditions evolve, policymakers should pay special attention to making sure that markets remain open and fluid, so new players can continue to challenge the status quo and invent new ways of providing citizens the news and information they want. When obstacles arise to competition, innovation or progress, policymakers should remove them.

These proposals strive to increase transparency, use taxpayer resources more effectively and foster innovation. This approach preserves the tremendous benefits that the digital media are bringing to communities, while trying to also address the serious shortfalls. Our hope is it will lead to more coverage of communities, and better accountability of powerful local institutions. If the strengths of the new and old media economies can be combined, Americans will have the best local media system they have ever had.