Paul J. Boyle
Senior Vice President/Public Policy

January 21, 2016

Mr. Greg Watson
Legislative Clerk
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Watson:

Attached are my answers to questions submitted by Representatives Gus Bilirakis and Anna Eshoo at the December 3, 2015 hearing on "Broadcast Ownership in the 21st Century." If you need additional information or have other questions, please contact me at [redacted]

Sincerely,

[redacted]

Attachment

<u>Response of Paul Boyle to Question Posed by The Honorable Gus Bilirakis</u>

Mr. Boyle, your testimony focuses on the newspaper/broadcast cross ownership ban. Can you describe what you expect the next 15 years to look like in your industry operating under the current rule, and describe what the next 15 years would realistically look like in your industry if this rule were done away with in the next year or so?

As a result of the Great Recession and structural changes in the industry, total newspaper revenue has declined from $48.8 billion in 2008 to $36.2 billion in 2014. An unfortunate consequence of this is that newspapers have had to downsize their newsrooms. If the 1975 ban on newspaper/broadcast cross-ownership remains in place, it is likely that over the next 15 years many newspapers will be forced to continue to downsize to meet the challenges of ongoing declines in revenues, particularly from print advertising. This will mean less professional reporting of city, county and state government, which will in turn mean a less informed electorate and a less accountable government.

Despite this decline in revenues, no local media devotes more resources to covering issues of importance to their communities than newspapers. If the newspaper / broadcast cross-ownership ban were repealed we would see, over the next 15 years, it is likely new investors who are already supporting broadcast journalism will begin to invest in newspapers. We may also see the combination of local broadcast and newspaper properties in certain markets but by no means do we expect there to be widespread consolidation. In some markets, a newspaper may be able to find a strategic financial partner in an owner of local television or radio station which will help the newspaper company transition with the broadcast station into a combined sustainably profitable business enterprise that would preserve the scale of reporting resources that the newspaper company employs today.

Response of Paul Boyle to Question Posed by The Honorable Anna G. Eshoo

Some have suggested that if the FCC were to allow more consolidation between the broadcast and newspaper industries, there would be a reduction in the number of jobs in both industries. How can the public be assured that if the FCC were to relax its newspaper-broadcast cross-ownership restrictions that it would not reduce employment and lead to a reduction in local news coverage and diversity of viewpoints?

In 2011, the Newspaper Association of America conducted a survey of newspaper / broadcast combinations, many of which were grandfathered when the cross-ownership ban was adopted in 1975. The survey found that cross-owned properties did not reduce journalism jobs as each property maintained separate newsrooms. Most of the savings from convergence came from back-office operations (e.g., accounting) or colocation of the media properties in the same building. A benefit of convergence is that many newspaper / broadcast combinations allow for newsrooms to collaborate on long-term investigative projects, share breaking news tips, and produce in-depth analysis of current events, particularly when covering a natural disaster impacting the local community.

Repealing the ban on newspaper/broadcast cross-ownership would actually increase diversity of viewpoints and increase local news coverage. FCC-commissioned research demonstrates that television stations that are cross-owned with newspapers devote more resources to local news coverage than other commercial stations. On average, a cross-owned television station produces nearly 50 percent more local news,[1] airs 30 percent more coverage of state and local political candidates[2] and devotes 40 percent more time to candidates' speeches and comments[3].

Repeal of the newspaper / radio cross-ownership ban actually would add to diversity, as well. For example, newspaper-owned radio stations produce local news and public affairs programming, rather than just picking up a generic news feed from satellite as many radio stations do now.

The experience of grandfathered cross-owned stations led the FCC in 2002 to conclude that newspaper / broadcast combinations promote localism, have the potential to enhance diversity, and have no negative impact on competition. In 2004, the Third Circuit Court of Appeals in *Prometheus I* agreed with the Commission's determination that the outright ban on cross-

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[1] Jack Erb, Media Ownership Study 4, *Local Information Programming and the Structure of Television Markets*, at pp. 27-28
[2] Jeffrey Milyo, *Effects of Cross-Ownership on the Local Content and Political Slant of Local Television News,* FCC Media Study 6 (Sept. 2007)
[3] Id.

ownership is no longer in the public interest. The Third Circuit came to this conclusion three years before the launch of the iPhone and seven years before the iPad which has revolutionized the way news, information and entertainment is distributed to consumers. Meanwhile, the FCC has wrapped its 2010 and 2014 quadrennial review into one with little expectation the FCC will recalibrate the 1975 ban to reflect the modern media landscape as required by law.