

**From Competition to Cooperation:**

**Engaging Cable, Satellite, Internet and Mobile Broadband Service  
Providers in Meeting the Information Needs of Communities**

Commissioned by the  
John S. and James L. Knight Foundation

Prepared by  
School of Journalism and Mass Communication,  
University of North Carolina at Chapel Hill

May 1, 2012

## INTRODUCTION

When Frank Barrows was managing editor of *The Charlotte Observer* in the 1990s, the state's largest newspaper boasted more than 200 news-editorial employees and an investigative team of six full-time reporters. The newspaper won awards for, among other things, a hard-hitting series on fatal wrongdoing in the state's nursing homes, which led to government investigations and changes in the law. The *Observer* also won praise for pioneering reader-driven "civic journalism," which emphasized issues over horse-race coverage of elections.

Today, having left the *Observer*, Barrows is trying to start a nonprofit journalism organization on the *ProPublica* model that will emphasize watchdog coverage of state government. "North Carolina is not New Jersey, but it is not as clean as the conventional wisdom would imply," he says. "Unfortunately, state government gets less and less coverage as newspapers pull in their field of vision and grapple with cutbacks."<sup>1</sup>

His old newspaper provides a vivid example. Rick Thames, the current editor, says his news staff has shrunk by a third in the last five years. The upshot for statehouse coverage is that the *Observer* went from having two full-time reporters and a veteran columnist stationed in Raleigh to having no employees based in the capital. It now relies on its sister paper, the *News & Observer*, for state government coverage.<sup>2</sup>

"That giant sucking sound you hear is the loss of public-affairs reporting jobs as newspapers contract," says Penny Abernathy, Knight Chair in Journalism and Digital Media Economics in the School of Journalism and Mass Communication at UNC-Chapel Hill. She said the period from 1970 to 2000 was the "golden age" of public-affairs reporting, when N.C. newspapers won the Pulitzer Prize for public service four times. "More than half the layoffs (in recent years) have hit these public-service beats."<sup>3</sup>

Filling gaps in accountability journalism, including waning statehouse coverage, was the central focus when the Center for Media Law and Policy, a joint project of the journalism and law schools at UNC, convened a day-long workshop Jan. 20, 2012, to reflect on the Federal Communication Commission's 2011 report *The Information Needs of Communities*.<sup>4</sup> Report author Steven Waldman was among the participants. "Many a government report has evaporated into the ether after publication," he said, so the series of workshops organized by the Carnegie Corporation of New York and the John S. and James L. Knight Foundation represents an important model for leveraging a study like his to create greater impact.<sup>5</sup>

Joining him in discussion and debate at UNC were more than 50 scholars, journalists, press advocates, industry leaders and state legislators (*see* APPENDIX ). Panel discussions focused on identifying the most urgent gaps in public-affairs reporting and exploring potential corrective actions, with a special eye toward increasing the role that cable, satellite, Internet and mobile broadband providers might play. Susan King, dean of the school and formerly an executive of the Carnegie Corporation, said the questions that led to this series of meetings were, "How can we put these policy questions before regional communities? And how can we turn to the great brain power of our journalism schools

across the country?” Representatives from these Carnegie-Knight workshops will gather over the summer to discuss findings and policy recommendations, she said, “so you are all part of something much bigger.”

Although the various Carnegie-Knight workshops were dedicated to separate themes, all shared one focus: the seeming paradox of a decline in journalism in the Information Age. “In many ways, today’s information media landscape is more vibrant than ever, but this vibrancy masks a surprising shortage of news reporting, particularly at the local level,” said Prof. David Ardia, co-director with Dr. Cathy Packer of UNC’s Center for Media Law and Policy.<sup>6</sup> “Some of these gaps have structural causes, some are economic, and some are the result of bad government policies.”

Growing gaps in accountability journalism, especially high-cost investigative reporting traditionally produced by newspapers, have been well-documented.<sup>7</sup> In a recent New America Foundation report funded by the Knight Foundation, Duke University-based researcher Fiona Morgan found that declines in reporting have accelerated in recent years in North Carolina’s Triangle region, home to the state capital. “Staffing has been cut back dramatically, news holes have shrunk, and circulations have declined,” she wrote.<sup>8</sup>

However, the state also boasts a long tradition of media leadership, including in the realms of cable and broadcast. News14 Carolina, which will be discussed later in this report, is a 24-hour news channel operated by TimeWarner Cable as part of its basic subscription package, one of only five regional news operations the media giant runs. Award-winning UNC-TV public television reaches more than 4 million viewers through its network of 12 stations across the state and now offers three digital channels as well. And Capitol Broadcasting has long been recognized as a radio and television leader noted for innovation, from creating a statewide radio-news network in 1960 to transmitting the first HDTV signal in 1996 and leading the nation’s switch to all-digital TV in 2008.<sup>9</sup>

The state has been a leader in the cyber realm as well. The *News & Observer* in Raleigh was one of the first newspapers in the nation to make the move online with its groundbreaking Nando.net, which went live in 1993-94.<sup>10</sup> Cities and towns around the state, from Wilson to Salisbury, were early entrants in the drive to create municipal broadband networks,<sup>11</sup> a contentious issue that will be discussed later in this report. And truly on the cutting edge, New Hanover County and the City of Wilmington were recently chosen by the FCC for a pilot project to demonstrate the potential of using so-called spectrum “white space” to create what advocates have dubbed “super wi-fi,”<sup>12</sup> an issue also discussed in this report. It makes sense, therefore, to tap these innovative businesses for their ideas about filling gaps in accountability journalism.

Bringing together industry leaders from throughout the state, along with journalists and academics, the UNC workshop was an unprecedented gathering that revealed a surprising amount of agreement on such issues as the importance of state-level C-SPANs, to be discussed later in this report. James Hamilton, director of the DeWitt Wallace Center for Media and Democracy at Duke University, set the workshop’s cooperative tone by starting the day with a Q&A with Waldman, with whom he worked on the FCC report. Panel discussions focused on existing gaps in accountability journalism in North Carolina

and potential roles that cable, satellite, Internet and mobile service providers might play in helping fill those gaps. Over lunch, award-winning journalist Tom Stites shared his experiences in trying to create a sustainable model for online journalism start-ups based on a co-op model. And to engage as many participants as possible, the second half of the day was organized as a Fred Friendly-style roundtable led by Prof. Michael Gerhardt of the UNC School of Law and director of the Center on Law and Government. The day was followed by more than a dozen follow-up phone interviews to further engage participants and inform this report.

Because the UNC workshop's task was to consider ways in which cable, satellite, Internet and mobile providers might contribute more to efforts to bolster accountability journalism, discussion cut across a range of topics broached in Waldman's FCC report. The workshop could be seen as a barometer for gauging which of the report's raft of recommendations seemed most urgent to local actors. Topics are thus organized in the pages that follow:

**I. Spectrum Crunch, "White Space" & Municipal Services**

**A. Highlighting Internet Issues That Should Concern Journalists**

**B. Exploring the Potential of Spectrum "White Space"**

**C. Revisiting the Issue of Municipal Broadband**

**II. State Public Affairs Networks, Regional News Channels & Satellite TV**

**A. Spurring the Build-Out of State Public Affair Networks**

**B. Encouraging Regional News Networks**

**C. Solving the Satellite Problem**

**III. Potential Partnerships & Policy Obstacles**

**A. Identifying and Propagating New Journalism Partnerships**

**B. Confronting IRS and FCC Obstacles to Partnerships**

**C. Putting Journalism Schools to Work as More Active Partners**

The UNC workshop revealed a surprising appetite for cross-industry cooperation. Because participants were especially interested in market-based and voluntary initiatives, the FCC's role was limited in many discussions.

The following sections are organized in two parts: findings that gauge local interest in the FCC report's recommendations and further recommendations for concrete next steps.

## **I. SPECTRUM CRUNCH, “WHITE SPACE” & MUNICIPAL SERVICES**

The tiny mountain town of Andrews, population 1,602, was thrown into a panic in February over concerns about its municipal broadband network, which provides service to 400 customers in Cherokee and Clay counties.<sup>13</sup> The town’s attorney sent a memo to aldermen saying the town might be in violation of a new state law severely restricting government-owned ISPs. After a series of emergency meetings, the town announced it was selling the broadband network to a nonprofit organization to own and operate.<sup>14</sup> “The municipality won’t be involved,” the nonprofit’s director told the local newspaper, “so they won’t be breaking any laws.”<sup>15</sup> That isn’t clear from the language of the statute, especially since Andrews still will share in the profits and has plans to expand the service into neighboring Graham County. This real-world quandary epitomizes the types of uncertainties emerging in a fast-changing technological and regulatory landscape.

### **A. Highlighting Internet Issues That Should Concern Journalists**

One of the most debated recommendations in the FCC report, borrowed from the National Broadband Plan, was its call for the FCC to conduct so-called “incentive auctions.”<sup>16</sup> Against the concern of many broadcasters, the U.S. Congress in March proceeded with the plan to offer monetary incentives to broadcasters to turn over some UHF spectrum, which will be auctioned to mobile broadband providers to avert what the FCC has called a coming spectrum crunch.<sup>17</sup>

The decision to move ahead was part of a compromise between Congressional Republicans and Democrats to raise about \$25 billion to pay for an extension of unemployment benefits that were about to expire. FCC Chairman Julius Genachowski said he was “pleased that Congress has recognized the vital importance of freeing up more spectrum for mobile broadband.”<sup>18</sup> The bill gave the FCC authority to pay \$1.75 billion to broadcasters who participate in the auctions, still years away.

The FCC has said the transfer of spectrum to mobile broadband providers will help meet the demands of 300 million users, who in 2010 downloaded more than 5 billion mobile apps.<sup>19</sup> Waldman’s FCC report connected those issues to journalism: “As news media migrate to the Internet, and wireless becomes an increasingly common way of accessing the Internet, it follows that a flourishing wireless ecosystem is essential to the future of the news.”<sup>20</sup> As many towns lose newspapers and traditional reporters as reliable sources of watchdog journalism, the Internet will be an increasingly important avenue for citizens to participate in self-government.

While spectrum allocation has been the focus of heated debate in recent years, Liz Hill, chair of the regulatory committee of the Carolinas Wireless Association, alerted the UNC workshop to a more prosaic problem facing wireless news consumers: Not In My Backyard barriers to infrastructure. “There are carriers frothing at the mouth to get to that spectrum to deploy it,” she said, “but it is useless if you can’t use it.”<sup>21</sup> Pressured by public protests against the placement of cellular towers, cities, counties and states have created a complex patchwork of rules and regulations. That is why Hill’s trade group has

been working with the state legislature to create more uniform rules for construction of towers and poll attachments to speed build-out, she said, but barriers remain.

That, broadcasters have argued, is why they should be seen as partners, not adversaries, in helping to meet demand and to overcome the NIMBY dilemma. “We can put up one tower and reach 1.4 million people,” said Capitol Broadcasting Vice President and Chief Counsel Teresa Artis. That is why Capitol Broadcasting CEO Jim Goodman Sr. met with FCC Chairman Genachowski last year to propose an alternative to the National Broadband Plan’s incentive auctions.<sup>22</sup> Rather than simply turning over spectrum space to broadband providers, broadcasters could backstop broadband providers by transmitting video and streaming TV when networks experience congestion – in industry jargon, “backhauling.”<sup>23</sup> The idea was rebuffed.

More intriguing, a new lobbying group in Washington has called for the FCC to allow broadcasters themselves to become wireless providers.<sup>24</sup> Greg Herman, leading a nonprofit called SpectrumEvolution.org,<sup>25</sup> says the FCC should loosen its rules to allow broadcasters to experiment with alternative technology, called OFDM, that would enable them to convert already existing infrastructure into powerful broadband transmitters. “Broadcasters’ ability to participate already exists,” he says, “but the real potential ... lies in their ability to deploy next-generation technologies.”<sup>26</sup> Acknowledging the complexity of the issue – and the high stakes involved for broadcasters – the FCC in March created a task force to monitor implementation of the Congress-approved incentive auctions.<sup>27</sup>

Workshop participant Blair Levin, author of the National Broadband Plan and now a senior fellow at the Aspen Institute, warned of another technical issue journalists and press advocates should monitor: bandwidth costs and caps. As broadband providers struggle to meet demand, they are sometimes capping – also known as “throttling” – high-demand uses such as streaming TV, music and video. “There are a number of national uses – including education, public affairs, and health care – where we think that public policy deems that they shouldn’t be subject to a cap,” Levin said.<sup>28</sup> Waldman in his FCC report highlighted the skyrocketing costs of online streaming for public television and radio stations.<sup>29</sup> In May 2010, he reported, national flagship PBS streamed 1.3 million hours of video at a cost of \$20,000 for that month alone. As news organizations, including newspapers, try to leverage their websites for digital delivery of multimedia journalism, capping and rising costs could threaten innovation.

FCC Chairman Genachowski has said he is not against usage-based pricing by ISPs.<sup>30</sup> Levin opined that such an approach would exact a heavy toll on a site such as KhanAcademy.com,<sup>31</sup> which offers thousands of educational videos for streaming, and that ISPs should make exceptions to capping and usage-based pricing for educational and public-service sites. “That’s probably the single most important thing that industry can do to be supportive of journalism,” he said.<sup>32</sup>

## **B. Exploring the Potential of Spectrum “White Space”**

Another recommendation in the FCC report that has been approved by the agency to move ahead is the unlicensed use of broadcast spectrum “white space.”<sup>33</sup> That is the

buffer of unused space between TV signals to guard against interference. Digital compression has meant that a single TV signal takes up less space on the spectrum, leaving less need for the buffer. Unlicensed use of that space is aimed mainly at allowing wireless broadband providers to use it to relieve congestion on their licensed bands. But because it uses high-quality frequencies at much higher power than the type of wi-fi people use at home or Starbucks – it penetrates buildings and trees – tech analysts have dubbed it “super wi-fi.”<sup>34</sup>

The City of Wilmington, N.C., which the FCC used as a test market for the rollout of digital TV in 2008, is the site of the agency’s first experiment tapping white space.<sup>35</sup> The company chosen for the project, Spectrum Bridge, is testing to see whether the unlicensed spectrum can be used for a variety of functions without interfering with the licensed TV bands nearby. The pilot program includes such uses as delivering a higher quality wireless signal in parks throughout New Hanover County; beaming security-camera images and traffic-monitoring data back to law-enforcement departments; and transmitting water-quality data in real-time for faster analysis by county officials.<sup>36</sup>

Some of those experiments could have implications for what Levin calls “journalism by algorithm,” by which he means sophisticated analysis of large sets of data delivered to journalists in highly usable formats. Imagine if those live streams of water-quality data or traffic-congestion data were available to researchers and journalists, then imagine the same situation for all sorts of data governments collect. “Those who know how to capture the big data revolution are better able to improve society through high-performance knowledge exchange,” Levin said. “That’s what good journalism is at its heart.”<sup>37</sup>

Although some have dubbed emerging white-space applications “super wi-fi,” Spectrum Bridge does not believe it will provide an easy solution to technical problems that doomed municipal wi-fi projects in urban settings such as San Francisco, Chicago and Philadelphia.<sup>38</sup> Although the new wi-fi is undeniably more powerful, urban airwaves are already crowded with TV, radio and other spectrum users. However, the company says, “white space” wi-fi could be a boon for rural areas, where unused UHF spectrum could be harnessed for Internet delivery.<sup>39</sup>

### **C. Revisiting the Contentious Issue of Municipal Broadband**

North Carolina is a rural state. Of its 100 counties, 85 are still classified as rural, with fewer than 250 people per square mile.<sup>40</sup> According to 2010 census data, the state ranked 40th in the nation for Internet access.<sup>41</sup> That same year, the state’s e-NC Authority, widely recognized for its work in extending Internet access to rural communities, was awarded \$6.6 million in federal stimulus money to support broadband mapping, planning, build-out and adoption efforts.<sup>42</sup> If white-space technology being tested in Wilmington could help rural communities, N.C. municipalities might be eager to try it.

However, North Carolina is one of 20 states that have adopted laws that ban or severely curtail municipal broadband.<sup>43</sup> Although not worded as a ban,<sup>44</sup> the so-called “Level Playing Field Act,” adopted and passed into law without the governor’s signature in 2011, created such a complex set of restrictions that critics consider it a *de facto* ban.<sup>45</sup> At

the same time the legislature adopted the law, it also abruptly cut funding for the e-NC Authority and folded its already-funded programs into the N.C. Department of Commerce.<sup>46</sup>

The law does include two important exemptions. One section of the law exempts cities such as Wilson and Salisbury that already had municipal systems in place<sup>47</sup> – a grandfather clause that would seem to answer the alarm raised in tiny Andrews. Another section of the law exempts municipalities in unserved rural areas, with “unserved” defined as a tightly defined geographic area, such as a town, in which only 50 percent of households have access to high-speed Internet or where high-speed Internet is available only by satellite.<sup>48</sup> Would the town of Andrews’ plan to expand into a neighboring county pass muster under that definition? So far, the town’s attorney could only guess.

### ***Recommendations***

#### **1. Expand choices and remove barriers for last-mile Internet access.**

- The FCC report casts Internet access as a basic right, like access to water or electricity. It also suggested action in the U.S. Congress to overturn anti-municipal ISP laws like North Carolina’s. It is unclear what federal action, by Congress or the FCC, would entail. The issue – including the effects of these laws in the states that have them – begs further study. To facilitate discussion of the impact that anti-municipal ISP laws are having on Internet access, the UNC Center for Media Law and Policy should prepare a white paper on the nine state laws banning or barring municipal broadband, along with bills pending in other states, to study their construction, gauge their effects and make recommendations to lawmakers in North Carolina and other states.
- With media analysts excited about the ground-breaking experiment using spectrum “white space” in Wilmington, the FCC should focus its testing on the potential use of white-space wi-fi to create small-scale broadband networks in rural towns such as Andrews. A pilot project could go a long way toward determining potential costs and benefits. It also could help answer the question of whether such a high-power system could be deployed while still remaining within the tight geographic limits of North Carolina’s “Level Playing Field” law.
- In North Carolina, legislators owe constituents clarity as to the meaning and effect of the “Level Playing Field” law. Legislators should help craft a set of guidelines that spell out in layman’s language the exact dimensions of the bill – with special attention paid to the “unserved” area exemption. At a minimum, lawmakers should work with the N.C. League of Municipalities to write and distribute guidelines across the state.

## **2. Create bandwidth-cap exemptions or reduced-rate categories for news providers.**

- The FCC has seemingly cleared the way for ISPs to cap bandwidth usage by heavy-demand users and to charge more for heavy-demand uses such as streaming video. It should, however, formulate rules by which websites devoted to public affairs are spared onerous financial burdens. One possible place to start would be a rule stating that, where ISPs create tiered-rate structures based on usage, content streaming from providers that are classified as 501(c)(3) nonprofits would not be metered or counted toward a user's bandwidth cap.

## **3. Define a more productive role for broadcasters in the implementation of the National Broadband Plan.**

- The technical aspects of spectrum allocation, bandwidth demands and the FCC's predicted "spectrum deficit" are far beyond the scope of this report. However, it seems clear that broadcasters, who hold valuable spectrum space and have a long track record of innovation, should be included in FCC efforts as partners, not adversaries. The FCC should work cooperatively with the National Association of Broadcasters to study various proposals, including the idea of allowing broadcasters to enter the broadband business. Leaders from the UNC Center for Media Law and Policy already have met with the board of the N.C. Broadcasters Association to propose facilitating this discussion in North Carolina.

## **4. Turn the FCC report, along with the National Broadband Plan, into a research agenda for media-law scholars.**

- Both of these lengthy reports contain a long list of proposals, many involving complex regulatory and technical issues that beg further study. A Carnegie-Knight-funded panel discussion planned for the 2012 national convention of the Association for Education in Journalism and Mass Communication – focusing on nonprofit/for-profit partnerships – suggests a greater potential role for the AEJMC. Leaders of the association's Law and Policy Division should explore the possibility of creating a Telecom Law Interest Group as a standing subdivision. The idea would be to draw issues from these reports to sketch out a research agenda to spur further study and extend the life of these reports far into the future. The goal would be to use that research agenda as the basis of special paper calls and convention panels in the future.

## II. PUBLIC AFFAIRS NETWORKS, REGIONAL NEWS CHANNELS & SATELLITE TV

Ivy Hoffman, longtime director of the N.C. Agency for Public Telecommunications (APT), spoke forcefully in favor of a state-level C-SPAN at the UNC workshop. She has promoted the idea for more than 30 years, most recently as APT's executive director. That agency has produced a weekly public-affairs program, "OpenNET," carried by cable providers statewide since the 1980s. However, shortly after the UNC event, Hoffman was told her department was being closed and she was being laid off along with her 10-person staff. "I literally didn't know it was coming the day of the workshop," she said.<sup>49</sup>

### A . Spurring Build-Out of State Public Affairs Networks, or SPANs

No one can doubt the impact of C-SPAN in revolutionizing public-affairs journalism and engaging citizens more fully in the work of the federal government.<sup>50</sup> Recent studies have shown that democracy-enhancing benefits also accrue in states that have similar networks.<sup>51</sup> Of all of the recommendations for action in the FCC report, UNC workshop participants seemed most eager to discuss the important role that State Public Affairs Networks, or SPANs, can play in spreading accountability journalism. Because of the consortium approach they envision for North Carolina – one that would rely on the cooperation of cable operators, broadcast stations, satellite providers and newspapers for support while including a leadership role for journalism schools – the issue has the potential to engage every media sector in the state.

North Carolina has the dubious distinction of being the largest state in the nation *without* a SPAN channel,<sup>52</sup> and the recent closing of Hoffman's APT has added urgency to the issue for advocates who've worked 30 years to create one. The closure threatens to bring an end to weekly broadcasts of "OPENnet," an end to a statewide patchwork of cable distributors that took years to build and an end to in-kind industry support valued at \$1 million a year.<sup>53</sup> "I've been dealing with this since 1978," said Mark Prak, a veteran media attorney who specializes in broadcast and cable regulation. "There was a time when North Carolina was ahead of the game and was leading the way. ... A state C-SPAN is an idea whose time came a long time ago."

State SPAN channels, ranging in scope from a few hours a day to 24/7 operations, have been established in 23 states and the District of Columbia.<sup>54</sup> The Radio Television Digital News Association reported in 2004 that, after rapid growth in the 1990s, SPAN channels reached more than 20 million cable subscribers nationwide.<sup>55</sup> In 2004, cable providers started the National Association of Public Affairs Networks (NAPAN) to promote expansion into remaining SPAN-less states. Since 2009, FCC Chairman Genachowski has been an outspoken advocate of that effort. "I think what you're doing at the state level is critical to the health of our democracy and should be expanded," he told a panel in the Knight-funded "A Crisis in Coverage," an hour-long special focusing on Waldman's FCC report and aired on state SPANs.<sup>56</sup>

Only four of the state SPANs follow the funding model of C-SPAN, wholly financed by the cable industry. In a dozen states, the channels are paid for by state governments.<sup>57</sup> However, advocates of a channel in North Carolina point to stations in Connecticut,

Pennsylvania, Washington and Wisconsin as the “gold standard” to emulate because they are set up as 501(c)(3) nonprofits independent from government.

The N.C. House of Representatives last studied the possibility of creating and funding a SPAN in 2008.<sup>58</sup> Led by N.C. Rep. Cullie Tarleton, a veteran broadcaster, a special committee assigned to study the issue estimated the cost of a state SPAN at \$1.3 million for start up, including equipment, then \$600,000 a year in operating costs.<sup>59</sup> Hoffman told the committee that ongoing operation would require closer to \$1 million a year and a staff of 19. Of three options studied from lowest cost to highest – 1) Web streaming only, 2) Web streaming to start, then full broadcast, or 3) full broadcast with Web streaming as complement – the committee recommended the second option with a price tag of \$815,000 for start up and \$500,00 for annual operations. That was for the House only.<sup>60</sup>

In an era of budget cutbacks, Hoffman, Prak and other advocates have little hope that state funding will be forthcoming. Rather than a cable-only funding model, however, they prefer a consortium approach with the burden shared by cable, broadcast, satellite and even print media, along with a mix of foundation and donor support. Part of that reasoning, they say, is a matter of fairness to the state’s largest cable provider, TimeWarner Cable, which has already shown a significant financial commitment to news and public-affairs journalism in North Carolina.

## **B. Encouraging Expansion of Regional News Channels**

Cable television companies began to develop Regional News Channels around the time they created C-SPAN. The RTDNA has estimated that, by 2004, cable companies were operating more than 30 such channels. They are owned and operated on various models: by a cable company, by a media content company such as a newspaper, as a nonprofit like PBS and as a time-shifting re-transmission of an existing TV newscast. The first model predominates.<sup>61</sup>

In North Carolina, TimeWarner Cable operates the 24-hour News14 Carolina, one of only five such stations the media giant operates in the nation. With five newsrooms dotting the state, News14 tailors its news to fit four geographic zones: Greensboro, Raleigh, Charlotte and Wilmington. On the air for 10 years, the statewide operation employs 160.<sup>62</sup> In 2004, the Charlotte newsroom won an Edward R. Murrow Award.<sup>63</sup>

Alan Mason recalled his first visit to the state legislature in Raleigh upon starting as News14’s general manager: “When I walked into the press room, it was amazing. There are cubicles around the walls, and most of them were deserted. It was shocking, really.”<sup>64</sup> News14 is one of only five news organizations with a full-time statehouse reporter in Raleigh. In April, it turned its long-running, once-a-week public-affairs program into a new show, “Capital Tonight,” airing five nights a week at 7 p.m. and rebroadcast at midnight. “That’s a lot of airtime,” he said, so the station will dedicate two anchors and two full-time staffers to the new show.

Mason is candid about the business rationale behind TimeWarner's not-very-profitable investment in News14 Carolina: It helps the cable company retain customers. No other cable operator in the state offers subscribers CNN-style local news, and satellite TV providers offer little local programming beyond the major broadcast stations they are required to carry.<sup>65</sup>

### **C. Confronting the Satellite Problem**

More than 34 million households nationwide receive television service from the nation's two largest satellite providers, Dish Network and DirecTV. The FCC does not require them to carry local programming such as newscasts, but both do – Dish in all 210 markets it serves and DirecTV in 175.<sup>66</sup>

Similar to the FCC's rules requiring cable operators to carry leased-access channels and PEG channels – channels devoted to local public affairs and educational programming – the FCC requires satellite operators to set aside 4 percent of their transmission space for similar uses. However, the set-aside program has been criticized as ineffective and even biased. Satellite companies can pick and choose which channels they accept to meet their set-aside obligations, and, increasingly, they are using national religious broadcasts to do so, not news or public-affairs channels.<sup>67</sup>

While both DirecTV and Dish Network carry the original C-SPAN, both have turned down numerous applications from state SPAN channels for carriage under the set-aside program. Only one state SPAN channel, in Alaska, is carried on satellite.<sup>68</sup> Even if the satellite companies agreed to carry state SPAN channels, the channel operators would still have to pay about \$10,000 a month in retransmission fees for the privilege.<sup>69</sup>

### ***Recommendations***

#### **1. Use momentum from the Carnegie-Knight workshops to launch a national drive to build out SPAN networks in the 27 states that do not have them.**

- At the national level, the UNC Center for Media Law and Policy could take a lead role in spurring a new effort to help fulfill one of the FCC's stated goals: SPAN networks in every state. As the Carnegie-Knight school in the largest state without a SPAN, UNC could organize a follow-up workshop bringing together SPAN advocates and industry leaders from all 27 SPAN-less states to study and strategize. The workshop could feature national leaders such as Paul Giguere, president of the National Association of Public Affairs Networks, to discuss NAPAN's "50 States, 50 Networks" initiative and how the FCC might play a more active role, including financial, in making the plan a reality.
- At the state level, the UNC School of Journalism and Mass Communication and the School of Communications at Elon University should team to advocate creation of a new North Carolina Public Affairs Network (NCPAN). The schools should assemble a working group made up of advocates, industry leaders and legislative liaisons to coordinate study and planning for a statewide SPAN.

Leadership would include longtime advocates such as Dr. Connie Book, now an associate provost at Elon, and Ivy Hoffman, longtime executive director of the N.C. Agency for Public Telecommunications (APT). The schools also can help the project secure foundation support.

## **2. Create a fast-start model – independent of government and starting on the Web – that can be used as a demonstration project for other SPAN-less states.**

- With an eye toward creating a replicable model, the NCPAN should work with the national NAPAN to design and implement what the group has called a SPAN-in-a-box plan that could be quickly rolled out in other states. The working group could partner with UNC School of Journalism to create a Web platform designed to optimize streaming video, to archive videos for later viewing and to index videos for easy access. The site could be used as a demonstration pilot project to attract both public and private funding and to help the group in developing its IRS application for 501(c)(3) tax-exempt status.
- The NCPAN working group *should not seek to make the state legislature its sole source of funding*. Instead, it should envision a broad funding base and study the independent nonprofit models highly regarded in Connecticut, Pennsylvania, Washington and Wisconsin. The group should identify allies in state government who can help negotiate the appropriate committees as planning partners, allocate work space, coordinate an installation schedule and so on.
- Once the digital platform is operational, the NCPAN could partner with computer engineering departments at N.C. colleges and universities to create applications inspired by Levin’s “journalism by algorithm.” Apps could be developed to monitor the video stream of legislative sessions to track, for example, every time a certain issue was discussed, a certain county was mentioned or a certain industry was named. Journalists and others might use an app to be alerted by e-mail every time their representatives were speaking.
- The working group should foster institutional partners to provide in-kind or low-cost support. Because it would be set up as a nonprofit, it could solicit tax-deductible donations of equipment, office supplies and the like from media and other companies. It also could partner with N.C. colleges and universities to provide hands-on video-production training for students, with the students earning course credit for their work. Another proposal discussed at the UNC workshop was to create a paid internship program to staff the NCPAN with recent graduates from throughout the UNC system.

## **3. Advocate funding and incentives for SPANs and regional news networks at both federal and state levels.**

- The FCC report recommended reorganizing the FCC’s Universal Service Fund and diverting some of its money, most recently projected at \$4.5 billion,<sup>70</sup> to the Corporation for Public Broadcasting to bolster public television and radio.

Because of charged political debates about the CPB in recent years, it might be more politically palatable to use some of that money instead to support efforts in states still lacking SPAN channels. A pool of less than \$100 million, based on the 2008 N.C. legislative report estimates, would be enough to cover start-up costs and first-year operating expenses in all 27 SPAN-less states. Alternatively, the money could come from the billions of dollars the FCC expects to generate in spectrum auctions discussed earlier in this report.

- The FCC should continue to play an active role as an advocate of expansion of SPAN channels in the states. It also should explore ways to create incentives to reward Multi-Channel Video Program Distributors (MVPDs) that carry or help fund SPAN channels. Cable operators, for example, could be credited with meeting part of their leased-access and PEG channel requirements in exchange for carrying state SPAN channels.
- North Carolina is among more than 20 states that now have statewide franchise statutes governing MVPDs, such as cable companies. These new laws, adopted since 2005, relieve MVPDs from having to negotiate franchise agreements with individual municipalities.<sup>71</sup> One recent study showed that by streamlining the process for providers to enter new areas, these laws have increased Internet access in states that have them.<sup>72</sup> This raises the question: Can these laws be used to create requirements or incentives to achieve other desired goals – such as universal carriage of state SPAN channels? The issue begs further study.
- While broadcast television stations have traditionally been strong on news, that is not true for cable operators. TimeWarner Cable's News14 Carolina has been rightly praised as a rare exception. Federal and state incentives like those described above, such as relaxing leased-access requirements, could be created to reward MVPDs such as cable operators that provide regional news networks.

#### **4. Create incentives or a funding mechanism to get state SPAN channels on satellite.**

- The FCC report recommended raising the so-called set-aside requirement for satellite TV operators from 4 percent to 7 percent. The set-aside refers to the amount of educational or government programming the carriers are required to offer. To create an incentive for these operators to carry state-level SPAN channels, the FCC raise the requirement as recommended but stipulate that carrying these channels would completely satisfy the proposed 3 percent increase.
- Alternatively, if the FCC moves ahead with reconfiguring the USF fund, it could create a SPAN-Satellite Retransmission Fund to pay satellite providers to carry state SPAN channels. Based on the average cost of \$10,000 a month for so-called set-aside channels on satellite, a fund of \$12.2 million a year could cover the cost of retransmission fees for SPAN channels in 50 states and the District of Columbia to be carried on the two largest satellite networks.

### III. POTENTIAL PARTNERSHIPS & POLICY OBSTACLES

N.C. Rep. Kelly Alexander, businessman and civil rights leader from Mecklenburg County, has noticed a change in his hometown paper. In print and online, he has found in-depth stories about the local African-American community produced by a website called Qcitymetro.com – stories *The Charlotte Observer* no longer has the staff to produce. “What that reminds me of is the relationship you used to have between the (long-closed) *Charlotte News* and the *Charlotte Observer*,” he said, “where the *News* was doing what these hyper-sites are now doing.”<sup>73</sup>

#### *A. Identifying and Propagating New Types of Journalism Partnerships*

*Observer* editor Rick Thames explained that Alexander was seeing the results of an experimental partnership called Charlotte News Alliance.<sup>74</sup> The project harnesses the content of nearly 20 hyper-local online news organizations by hosting them on the *Observer*'s main Web page. Similar to the *Observer*'s longstanding partnership with broadcast station WCNC, the alliance represents a content-sharing arrangement in which the newspaper and websites swap content without charge. The effort does not come without a cost – the paper has a full-time editor assigned to it – but Thames called it a win-win. “They are covering areas that we don’t necessarily cover,” he said, and “we offer exposure because we reach audiences that they can’t dream of.”<sup>75</sup>

While that partnership replaces reporting power lost to cutbacks, another type of partnership replaces lost advertising revenue.<sup>76</sup> Taking a cue from public television, the *Observer* has struck deals with three corporate underwriters, whose money supports three themed sections. Duke Energy underwrites SciTech, about science and technology news; Piedmont Natural Gas underwrites Young Achievers, about area teens; and Carolinas Health Care underwrites Arts Alive, about the nonprofit cultural sector. “We’ve been able to add six pages of content to our newspaper in the last two years in areas that most newspapers have abandoned,” Thames said.<sup>77</sup> And although FCC rules that require broadcasters to disclose such underwriting don’t apply to newspapers, he said, the paper is careful to display a prominent disclosure notice to readers on each section.

Yet another type of partnership experiment at the *Observer* combines elements of the first two with funding from the nonprofit sector. The Charlotte Arts Journalism Alliance pools the reporting resources of the *Observer*, public radio station WFAE, television station WCNC and two online publications, Qcitymetro.com and CharlotteViewpoint.org. UNC-Charlotte’s art and architecture department acts as a training site for freelance arts writers. The pilot project is being paid for by a \$20,000 grant from the Knight Foundation and National Endowment for the Arts, and if the *Observer* makes it to the end of the final round of the selection process, it stands to gain \$80,000 more to support arts coverage.<sup>78</sup>

Abernathy, the Knight Chair in Journalism and Digital Media Economics at UNC, said these experiments are important and worth monitoring. “We cannot continue to think only of traditional advertising,” she said.<sup>79</sup> “Ads on websites go for one-tenth to one-twentieth of the cost of print advertising.”<sup>80</sup> Recent research shows that the total pool of advertising/marketing money flowing into the national economy is greater than the two

percent of GDP that has been traditionally cited – closer to five percent. But in order to capture more of it, Abernathy said, news outlets must think more creatively about diversifying their revenue streams. A recent study by the Pew Research Center confirms that for every \$7 in traditional advertising that newspapers lose, they only make up \$1 in online revenue.<sup>81</sup>

In addition to new revenue streams, Duke University's Fiona Morgan said, new streams of content generated by nonprofit online start-ups must be funneled toward larger media institutions to reach wider audiences and supplement more popular content. She pointed to RaleighPublicRecord.org, which specializes in government reporting in Wake County, and NorthCarolinaHealthNews.org, which focuses on healthcare policy, as examples. "These are professional journalists, and it's professional journalism," she said. "They need a way to get their content out there."<sup>82</sup> She offered the metaphor of news tributaries, in which reporting might start with an independent researcher or nonprofit start-up, flow to a traditional newspaper or magazine, continue on to a cable or broadcast partner and end up creating pools of public-service reporting on a host of websites, not just the originating one.<sup>83</sup>

That vision of the role of partnerships was echoed in conclusions reached by the Investigative Reporting Program at the University of California at Berkeley, which focused exclusively on this issue for a separate Carnegie-Knight report.<sup>84</sup> Nonprofit groups are "ideally placed" to help fill gaps in accountability journalism that the FCC report identified, that workshop concluded, and "[n]onprofit/for-profit partnerships can offer one solution to broader questions about the viability of local accountability journalism."<sup>85</sup> Because nonprofit organizations are mission-oriented, they are likely to be committed to journalism that emphasizes the public good, such as policy research and investigative reporting.<sup>86</sup>

### ***B. Confronting IRS and FCC Obstacles to Journalism Partnerships***

Investigative reporting would be the focus of the new nonprofit start-up envisioned by Barrows, former managing editor of the *Charlotte Observer*. Based in the state capital, it would complement daily reporting by the likes of the Associated Press by focusing on in-depth exposes and multi-part series. The hold-up, he said, is creating a mixed-source funding model that would still allow it to be tax-exempt. "If I had to name any single obstacle," he said, "that's it."<sup>87</sup>

As Waldman highlighted in his FCC report<sup>88</sup> and in extensive reporting for *Columbia Journalism Review*,<sup>89</sup> the Internal Revenue Service could slow or derail efforts like Barrows'. The agency recently has delayed dozens of applications for 501(c)(3) tax-exempt status, in some cases for more than a year. Press advocates fear, Waldman said, the IRS could rule that accepting advertising or partnering with for-profit entities could jeopardize tax-exempt status or trigger fines. "If the IRS screws this up," Waldman said, "it could be a huge blow to some of the most innovative trends in the media world."<sup>90</sup>

Veteran journalists such as *New & Observer* publisher Orage Quarles observed that the FCC itself has hindered innovative trends in media by retaining decades-old ownership

rules that have effectively banned experimentation across media industries. “Isn’t it time now that the cross-ownership rules change?” he asked and was met with a surprising amount of affirmation among workshop participants. He cited the merger of the Knight-Ridder and McClatchy newspaper chains in 2006 as an example of how some consolidation can strengthen accountability journalism by helping struggling news organizations gain efficiencies in the face of shrinking budgets. “Our ability to work together has really helped both newspapers,” he said, “so I know for a fact that if cross-ownership rules change and we have the ability to work with television stations and radio stations and own them, that gap (in accountability journalism) would be closed.”<sup>91</sup>

Michelle Connolly, formerly a chief economist at the FCC and now an associate professor at Duke University, said that the commission’s own empirical research supports Quarles’ anecdotal observation. When the agency studied the issue in 2006, she said, it commissioned 10 independent studies and found statistically significant evidence that cross-ownership, especially newspaper-broadcast combinations, increased the total amount of journalism in those markets – a 7-10 percent increase in local news and a 24-27 percent increase in state- and local-government coverage. “I think there is an incredible amount of evidence that the cross-ownership rules are hurting local news,” she said. “The easiest thing the government can do is get out of the way.”<sup>92</sup>

Levin of the Aspen Institute lamented that the newspaper-broadcast cross-ownership rule was not abolished with passage of the omnibus Telecommunications Act of 1996, when the change might have done the most good. “I don’t think it’s as relevant now,” he said. “The kinds of transactions that could have happened 20 years ago and helped rescue things, I think that moment is gone.”<sup>93</sup> However, others argued that the rules hamper not only economic innovation but also evolution in journalism itself. Prak, who has long worked with the N.C. Broadcasters Association, pointed out that as journalism schools like UNC’s increasingly emphasize so-called convergence journalism – producing print, broadcast and online reporting simultaneously – FCC rules effectively hinder its full deployment. “The newsroom of tomorrow is going to be multi-platform,” he said. “The ownership rules are a serious impediment by law to people combining in ways that allow them to form the newsrooms of the future.”<sup>94</sup>

Although Waldman’s FCC report offered no clear recommendation as to whether the newspaper-broadcast cross-ownership rule should stand or fall, there seemed to be a surprising amount of consensus at the UNC workshop. Waldman said his own view was that former FCC Chairman Kevin Martin proposed the right approach during the last round of review. The rule could be dropped, Waldman said, as long as there was a mechanism in place within the FCC’s merger rules to assure that mergers would not be used simply as a way to downsize news operations. “In the spirit of partnerships,” he said, “to say we want to have partnerships between nonprofits and for-profits but to not allow partnerships between TV stations and newspapers doesn’t make a lot of sense.”

### *C. Tapping Journalism Schools as Facilitators and Partners*

Alan Mason, general manager of TimeWarner Cable's 24-hour news service News14 Carolina, said he was eager to explore the kinds of partnerships under way at the *Observer*.<sup>95</sup> "What we could bring is scale across the state," he said. "It would benefit Wilmington as much as Raleigh or Charlotte." Partnering with nonprofit news organizations that specialize in public-affairs journalism also would fit the station's goals.

Mason and others at the UNC workshop said they would like to see UNC convene further meetings to explore emerging partnerships. That could include a workshop bringing together organizations already experienced in running partnerships with those curious to try: define best practices, highlight pitfalls, explain contractual relationships. "Part of what your organization can do is ... give us perspective on things that are happening around the state or around the country that we might not be aware of," he said.<sup>96</sup>

Ferrel Guillory, director of UNC's Center for Public Life, agreed that UNC's journalism school is in a unique position to take a leadership role in guiding the evolution of these emergent partnerships and shaping a media landscape in which traditional news organizations and innovative newcomers complement one another in a sustainable way.<sup>97</sup> As the UC-Berkeley study concluded,<sup>98</sup> he said these partnerships and other ideas that emerged in the UNC workshop were promising but untested and required much more study. He suggested the journalism school create a regular and ongoing program of meetings and research to help design workable models. This effort could be led by Abernathy and the school's newly appointed Knight Chair in Digital Advertising and Marketing.<sup>99</sup>

Abernathy went further and suggested that the time might be right for UNC's school of journalism to become a more active partner by producing and distributing public affairs journalism to news outlets throughout the state.<sup>100</sup> Model journalism school programs abound, from Arizona State University's Cronkite News Service to the Capital News Service run by the Merrill College of Journalism at University of Maryland.<sup>101</sup> At UNC, Abernathy pointed to the data-rich reporting distributed in Center for Public Life publications such as South Now and North Carolina Data-Net<sup>102</sup> as evidence that the school can be a successful content provider. "The university must serve the entire state," she said, "not just Chapel Hill."

### ***Recommendations***

#### **1. The FCC and press advocates must work to help resolve uncertainty in IRS tax policies that may be hindering emerging collaborations.**

- The FCC does not set tax policy, but it has a strong advocacy role to play in resolving uncertainty over IRS tax policies with regard to nonprofit media. Just as he has used his bully pulpit to advocate for the expansion of state SPAN channels, FCC Chairman Genachowski should issue an official statement of principle and speak publicly on the need for tax-policy reform.

- Press advocates should launch a national lobbying campaign to bring the tax-policy issue to the attention of lawmakers in Washington and to spur public interest. Advocacy groups in Washington, such as the Freedom Forum and National Press Club, must be engaged to help in this effort. Influential lobbying groups such as the National Association of Broadcasters must be enlisted as well. The goal should be to win enough support from members of the Ways and Means Committee in the U.S. House of Representatives to justify a hearing before its Subcommittee on Select Revenue Measures.

**2. Press advocates and media-law scholars must more actively engage the public to bring attention to issues raised in the FCC report.**

- Just as the Carnegie-Knight workshop at UNC brought important issues from the FCC report to the attention of academics and industry leaders, press advocates and media law scholars must work to bring these issues to a wider public. Journalism scholars should more frequently and consistently engage the broader public by, for example, writing guest columns for area media outlets, appearing on local public affairs programs and going on radio talk shows. Organizers at each of the participating Carnegie-Knight schools could start by writing about the results of their workshops. That should be a recommendation discussed at this summer's meeting of participating schools.

**3. Media law and journalism scholars must make their voices better heard in policy debates, such as those over FCC ownership rules.**

- With the FCC's latest review of cross-ownership rules already under way, Carnegie-Knight schools and workshop participants should actively seek ways to influence the process. They should stay abreast of proceedings, submit statements during comment periods and, where possible, attend FCC-organized hearings and public meetings. People can disagree about what the FCC should or should not do, but the process should not be left to lobbyists alone.
- The report on ownership rules being prepared by the Carnegie-Knight workshop at Harvard University should be adopted as a launch pad for future research and discussion. The issue of media consolidation is an emotional one, with both proponents and opponents of the cross-ownership rules deeply entrenched. However, input on this issue by participants in the UNC workshop revealed that attitudes might be shifting in light of a rapidly changing media landscape. A fresh look at these rules by scholars and policymakers should be a top priority.

**4. Journalism schools should more actively engage working journalists by acting as incubators for new collaborative models and acting as collaborators.**

- The UNC School of Journalism and Mass Communication and other Carnegie-Knight schools should use the UC-Berkeley white paper on partnerships as a starting point for further research and action. The schools could act as incubators of new journalism partnerships by, for example, organizing workshops and

creating best-practice guidelines. The journalism school at UNC, for example, could partner with the N.C. Press Association to bring together incumbent and start-up media entities, as well as to circulate new information and research. UNC workshop participants expressed a strong desire for journalism schools to take on this role.

- Journalism schools must consider taking a more active role in helping to fill gaps in accountability journalism, including the possibility of becoming providers of publishable content on the wire service or statehouse bureau models. Two Carnegie-Knight schools in this series of workshops focused on this issue, and their reports should provide guidance as schools explore the possibility of melding pedagogy with public service.

## CONCLUSIONS

Noted First Amendment scholar Jack Balkin long ago urged those who work in, advocate for or study the media to focus less on case law and more on regulatory law as the crucial mechanism shaping the free flow of information in a digital age.<sup>103</sup> Steve Waldman's report for the FCC added urgency to that advice by laying bare a long list of policy questions that seem, even to those involved in media, to be fast-moving, hotly contested and dauntingly complex.

If the Carnegie-Knight workshop at UNC accomplished nothing else, it gave a rare gathering of industry and academic leaders a chance to focus and reflect together on issues that could affect the ways we gather, distribute and receive vital information for a generation to come. It accomplished much more, however. Participants at the conference and in subsequent phone interviews said they were energized to find so many others thinking about problems that, viewed in isolation, seemed vexing. While some issues remained flashpoints of disagreement – chiefly the FCC report's call for more extensive reporting requirements for broadcasters – the workshop also revealed issues participants could rally around.

Of all the topics highlighted in Waldman's report, none inspired more palpable enthusiasm than his call to spread Statewide Public Affairs Networks, or SPANs, to the 27 states that currently do not have them. With that enthusiasm as a gauge of widespread support, UNC and other interested Carnegie-Knight schools should make this a signature issue in the coming year. Located in the largest state without such a network, UNC's School of Journalism and Mass Communication should position itself in a leadership role to help achieve this nationally significant goal.

Much less certain were discussions and proposals for more fully involving cable, satellite, Internet and mobile broadband providers in efforts to bolster accountability journalism. Reallocating scarce spectrum for broadband build-out, defining a productive role for broadcasters in those plans and solving the still-urgent problem of underserved rural communities – all of these remain difficult policy issues that require FCC action far

beyond the control of local actors. Nonetheless, broad support was expressed for, among other things, creating requirements or incentives for satellite providers to carry state SPAN channels and other public-affairs programming; creating incentives for cable operators to produce regional news channels on the News14 Carolina model; and allowing experiments with spectrum “white space” that might bolster efforts to bring broadband to rural communities.

Because workshop participants seemed to favor voluntary or market-based solutions, many of their proposals could be seen as calls for government to “get out of the way.” The strongest call for FCC action was for the commission to severely relax or eliminate longstanding cross-ownership rules to allow freer experimentation. Participants also urged the FCC to use its bully pulpit to pressure the Internal Revenue Service to clarify or alter rules governing nonprofit entities to assure that promising online start-ups are not cut off from vital funding or prevented from collaborating with for-profit media entities. At the state level, participants urged lawmakers in North Carolina and elsewhere to relax, rescind or at least clarify recently adopted laws restricting municipal broadband, especially in rural areas.

Beyond the workshop and discussions it sparked, the longest lasting effect of Waldman’s report might prove to be its agenda-setting function. Its catalog of policy issues and menu of recommendations can form the basis of a robust research agenda for media-law scholars working in both journalism and law schools. Because of its journalism focus, the Law and Policy Division of the Association for Education in Journalism and Mass Communication (AEJMC) is a natural home for this research agenda. Plans should be laid to create a Telecom Law Interest Group within the division to extend the life of the report into the future. Meanwhile, Carnegie-Knight schools must continue to explore how they themselves can more actively help fill gaps in accountability journalism.

#### **ACKNOWLEDGEMENTS**

The UNC School of Journalism and Mass Communication thanks Dr. Dean Smith, Research Fellow of the UNC Center for Media Law and Policy, for preparing this report. The school also thanks the center’s co-directors, Prof. David Ardia and Dr. Cathy Packer, for organizing and hosting the school’s Carnegie-Knight workshop. Special thanks go to doctoral student Liz Woolery for her deft management of the event, as well as the school’s technical staff for recording the proceedings. Thanks go finally to panelists and participants for sharing the insights and ideas that made this report possible.

Recorded sessions and details about the UNC workshop can be found online:  
<http://medialaw.unc.edu/event/fcc-information-needs-of-communities>.

## NOTES

---

<sup>1</sup> Frank Barrows, interview (Feb. 10, 2012).

<sup>2</sup> Rick Thames, interview (Feb. 10, 2012).

<sup>3</sup> Penny Abernathy, interview (Feb. 15, 2012).

<sup>4</sup> Steven Waldman, *The Information Needs of Communities: The Changing Media Landscape in a Broadband Age*, FEDERAL COMMUNICATIONS COMMISSION (July 2011), at [http://transition.fcc.gov/osp/inc-report/The\\_Information\\_Needs\\_of\\_Communities.pdf](http://transition.fcc.gov/osp/inc-report/The_Information_Needs_of_Communities.pdf).

<sup>5</sup> Steven Waldman, workshop (Jan. 20, 2012).

<sup>6</sup> David Ardia, workshop (Jan. 20, 2012).

<sup>7</sup> See, e.g., PHILIP MEYER, *THE VANISHING NEWSPAPER* (2006).

<sup>8</sup> Fiona Morgan, *An Information Community Case Study: The Research Triangle, N.C.*, NEW AMERICA FOUNDATION (April 2011).

<sup>9</sup> Teresa Artis, interview (Feb. 1, 2012).

<sup>10</sup> For a brief history, see the Nando entry on Wikipedia.com, at <http://en.wikipedia.org/wiki/Nando>.

<sup>11</sup> For information about the Greenlight broadband system in Wilson, see <http://www.wilsonnc.org>; for information about the Fibrant broadband system in Salisbury, see <http://www.fibrant.com>.

<sup>12</sup> See, e.g., Mike Flacy, *World's First "Super Wi-Fi" Commercial Network Launches in North Carolina*, DIGITAL TRENDS, Jan. 26, 2012, at <http://www.digitaltrends.com/computing/worlds-first-super-wi-fi-commercial-network-launches-in-north-carolina>.

<sup>13</sup> See Lizz Harold, *Town Warned of Operating Outside Limits*, ANDREWS JOURNAL, Feb. 29, 2012, available at <http://www.theandrewsjournal.com/articles/2012/02/29/news/doc4f4e726daa3a9446714223.txt>

<sup>14</sup> Lizz Harold, *Non-profit Proposes Internet Takeover*, ANDREWS JOURNAL, Mar. 14, 2012, available at <http://www.theandrewsjournal.com/articles/2012/03/16/news/doc4f60de99c2a02166121705.txt>.

<sup>15</sup> *Id.*

<sup>16</sup> See FCC report at 30, 308.

<sup>17</sup> Edward Wyatt & Jennifer Steinhauer, *Congress to Sell Public Airwaves to Pay Benefits*, N.Y. TIMES, Feb. 16, 2012, available at <http://www.nytimes.com/2012/02/17/business/media/congress-to-sell-public-airwaves-to-pay-benefits.html?scp=3&sq=fcc%20incentive%20auction&st=cse>.

<sup>18</sup> *Id.*

<sup>19</sup> See FCC, *Incentive Auctions*, at <http://www.fcc.gov/topic/incentive-auctions>.

<sup>20</sup> See FCC report at 305.

<sup>21</sup> Liz Hill, workshop (Jan. 20, 2012).

<sup>22</sup> Michael Grotticelli, *Capitol Broadcasting Proposes Alternative to National Broadband Plan*, BROADCAST ENGINEERING, Mar. 16, 2011, at <http://broadcastengineering.com/news/capitol-broadcasting-proposes-alternative-national-broadband-plan-20110317>.

<sup>23</sup> Phil Kurz, *FCC Broadband Plan Threatens "Golden Age of Broadcasting," Goodmon Says*, BROADCAST ENGINEERING, Mar. 25, 2010, at <http://broadcastengineering.com/news/fcc-broadband-plan-threatens-0325>.

<sup>24</sup> Phil Kurz, *Broadcasters Have Role to Play as Wireless Internet Service Providers*, BROADCAST ENGINEERING, Jan. 25, 2011, at <http://broadcastengineering.com/ott/broadcasters-have-role-play-wireless-internet-service-provider-says-greg-herman-20110126>.

<sup>25</sup> See SpectrumEvolution, at <http://www.spectrumevolution.org>.

- 
- <sup>26</sup> Greg Herman, podcast interview with Broadcast Engineering, at <http://broadcastengineering.com/podcast/broadcasters-have-role-play-wireless-internet-service-provider-says-greg-herman-20110126>.
- <sup>27</sup> Michael Grotticelli, *FCC Assigns Task Force to Oversee Spectrum Auctions*, BROADCAST ENGINEERING, March 23, 2012, at <http://blog.broadcastengineering.com/blog-opinions/2012/03/23/fcc-assigns-task-force-to-oversee-spectrum-auctions>.
- <sup>28</sup> Blair Levin, workshop (Jan. 20, 2012).
- <sup>29</sup> See FCC report at 165.
- <sup>30</sup> Julius Genachowski, Remarks on Preserving Internet Freedom and Openness, Federal Communications Commission, Dec. 1, 2010, at [http://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2010/db1201/DOC-303136A1.pdf](http://transition.fcc.gov/Daily_Releases/Daily_Business/2010/db1201/DOC-303136A1.pdf).
- <sup>31</sup> See Khan Academy at <http://www.khanacademy.org>.
- <sup>32</sup> Blair Levin, workshop (Jan. 20, 2012).
- <sup>33</sup> Unlicensed Operation in the TV Broadcast Bands, Second Memorandum Opinion and Order, 25 FCC Rcd 18661 (2010) (finalizing rules to make the unused spectrum in the TV bands available for unlicensed broadband wireless devices).
- <sup>34</sup> Karl Bode, *Wilmington First to Deploy White Space Broadband, Wilmington Park Deploys Improved Range "Super Wi-Fi"* DSL REPORTS, Jan. 26, 2012, at <http://www.dslreports.com/shownews/Wilmington-First-to-Deploy-White-Space-Broadband-118075>.
- <sup>35</sup> See, e.g., Dan Tynan, *White Spaces: The Next Generation of Wireless Broadband Has Landed*, PC WORLD, Jan. 27, 2012, at [http://www.pcworld.com/article/248847/white\\_spaces\\_the\\_next\\_generation\\_of\\_wireless\\_broadband\\_has\\_landed.html](http://www.pcworld.com/article/248847/white_spaces_the_next_generation_of_wireless_broadband_has_landed.html).
- <sup>36</sup> *Id.*
- <sup>37</sup> Blair Levin, workshop (Jan. 20, 2012).
- <sup>38</sup> See, e.g., Jacqui Cheng, *Philadelphia's Municipal WiFi Network to Go Dark*, ARS TECHNICA, Mar. 13, 2008, at <http://arstechnica.com/gadgets/news/2008/05/philadelphias-municipal-wifi-network-to-go-dark.ars>.
- <sup>39</sup> Spectrum Bridge, TV White Spaces, at <http://whitespaces.spectrumbridge.com/FAQs.aspx>.
- <sup>40</sup> Jennifer Wyatt, *How Rural Is North Carolina?*, ROADS TO JUSTICE NORTH CAROLINA, at <http://www.roadstojustice.org/how-rural-is-north-carolina>.
- <sup>41</sup> See, e.g., Eric Frazier, *Largely Rural N.C. Ranks 40th in Internet Access*, CHARLOTTE OBSERVER, Feb. 18, 2010, available at <http://www.newsobserver.com/2010/02/18/344575/largely-rural-nc-ranks-40th-in.html#storylink=misearch>.
- <sup>42</sup> See e-NC Authority, Current Projects, at <http://www.e-nc.org/about/current-projects>.
- <sup>43</sup> H.B. 129, Sess. Law 2011-84 (N.C. 2011).
- <sup>44</sup> An Act to Protect Jobs and Investment by Regulating Local Government Competition With Private Business, available at <http://www.ncleg.net/Sessions/2011/Bills/House/PDF/H129v7.pdf>.
- <sup>45</sup> See, e.g., Melissa Maynard, *In North Carolina, a Reversal on Municipal Broadband*, STATELINE, at <http://stateline.org/live/details/story?contentId=595887>.
- <sup>46</sup> *Id.*
- <sup>47</sup> § 160A-340.2(c).
- <sup>48</sup> § 160A-340.2(b).
- <sup>49</sup> Ivy Hoffman, interview (March 22, 2012).

- 
- <sup>50</sup> See, e.g., STEPHEN FRANTZICH & JOHN SULLIVAN, *THE C-SPAN REVOLUTION* (1996).
- <sup>51</sup> Karen M. Rowley, *Statewide Public Affairs Television: Expanding the C-SPAN Model to the State Level and Achieving Institutional Status in the Process* (2006) (dissertation, on file with the authors).
- <sup>52</sup> Fiona Morgan, workshop (Jan. 20, 2012).
- <sup>53</sup> Rob Christensen, *OPENnet Fights to Stay on TV*, (Raleigh, N.C.) NEWS & OBSERVER, Sept. 9, 2011, available at <http://www.newsobserver.com/2011/09/12/1481117/opennet-fights-to-stay-on-tv.html>.
- <sup>54</sup> See FCC report at 176.
- <sup>55</sup> Mark Thalhimer et al., *A Look at Regional News Channels and State Public Affairs Networks*, Report for the Radio and Television News Directors Association, at 17, available at <http://www.napan.org/content/reports/RTNDF-Report-2004.pdf>.
- <sup>56</sup> Video available for viewing online at <http://napan.net>.
- <sup>57</sup> See FCC report at 177.
- <sup>58</sup> House Select Committee on Television Legislative Sessions, Report to the N.C. House of Representatives (December 2008) (on file with the authors).
- <sup>59</sup> *Id.* at 2.
- <sup>60</sup> *Id.* at 9.
- <sup>61</sup> See Mark Thalhimer, *supra* note 55, at 1-2.
- <sup>62</sup> Alan Mason, workshop (Jan. 20, 2012).
- <sup>63</sup> Mark Washburn, *News 14 Web Site a Big Winner: It's Been Judged Best in the Business Among Large-Market Stations*, CHARLOTTE OBSERVER, June 26, 2004.
- <sup>64</sup> Alan Mason, interview (March 19, 2012).
- <sup>65</sup> See FCC Report at 181-82.
- <sup>66</sup> See FCC Report at 111-112.
- <sup>67</sup> See, e.g., David Enrich, *Liberals Moan: Put Us On DirecTV*, MULTICHANNEL NEWS, Jan. 12, 2003, at [http://www.multichannel.com/article/75454-Liberals\\_Moan\\_Put\\_Us\\_On\\_DirecTV\\_.php](http://www.multichannel.com/article/75454-Liberals_Moan_Put_Us_On_DirecTV_.php).
- <sup>68</sup> See FCC Report at 176.
- <sup>69</sup> *Id.* at 179.
- <sup>70</sup> Gregory V. Haledjian, *FCC Reforms Universal Service Fund, Ensures That Community Anchor Institutions Are Covered*, EDUCAUSE press release, at <http://www.educause.edu/blog/gvhaledjian/FCCReformsUniversalServiceFund/240559>.
- <sup>71</sup> For a good overview, see University of Minnesota, *Statewide Video Franchising Legislation: A Comparative Study of Outcomes in Texas, California and Michigan*, Report of the Center for Science Technology & Public Policy, at <http://www.hhh.umn.edu/centers/stpp/pdf/VideoFranchisingReport.pdf>.
- <sup>72</sup> Cecil Bohanon & Michael Hicks, *Statewide Cable Franchising and Broadband Connections*, Report for the Department of Economics and Digital Policy, Ball State University (on file with the authors).
- <sup>73</sup> Kelly Alexander, workshop (Jan. 20, 2012).
- <sup>74</sup> Rick Thames, workshop (Jan. 20, 2012).
- <sup>75</sup> Rick Thames, interview (Feb. 10, 2012).
- <sup>76</sup> Rick Thames, workshop (Jan. 20, 2012).
- <sup>77</sup> Rick Thames, interview (Feb. 10, 2012).

- 
- <sup>78</sup> For a description of these initiatives, see Rick Thames' blog at <http://insidestoryjobs.blogspot.com/2011/11/were-expanding-arts-coverage.html>.
- <sup>79</sup> Penny Abernathy, workshop (Jan. 20, 2012).
- <sup>80</sup> Penny Abernathy, interview (Feb. 15, 2012).
- <sup>81</sup> Tom Rosenstiel, Mark Jurkowitz & Hong Ji, *The Search for a New Business Model, Project for Excellence in Journalism*, Mar. 5, 2012, at [http://www.journalism.org/analysis\\_report/search\\_new\\_business\\_model](http://www.journalism.org/analysis_report/search_new_business_model).
- <sup>82</sup> Fiona Morgan, workshop (Jan. 20, 2012).
- <sup>83</sup> Fiona Morgan, interview (Feb. 6, 2012).
- <sup>84</sup> UC Berkeley Graduate School of Journalism Investigative Reporting Program, From Outsourcing to Innovation, Report for the Carnegie Corporation of New York and the John S. and James L. Knight Foundation, available at [http://www.knightfoundation.org/media/uploads/article\\_pdfs/From\\_Outsourcing\\_to\\_Innovation\\_by\\_UCB\\_for\\_KF\\_1.pdf](http://www.knightfoundation.org/media/uploads/article_pdfs/From_Outsourcing_to_Innovation_by_UCB_for_KF_1.pdf).
- <sup>85</sup> *Id.* at 18.
- <sup>86</sup> *Id.* at 1-4.
- <sup>87</sup> Frank Barrows, interview (Feb. 10, 2012).
- <sup>88</sup> See FCC Report at 328-31.
- <sup>89</sup> Steven Waldman, *Will the IRS Derail Nonprofit Journalism?*, COLUMBIA JOURNALISM REVIEW, Nov. 11, 2011, available at [http://www.cjr.org/the\\_news\\_frontier/will\\_the\\_irs\\_derail\\_nonprofit\\_journalism.php?page=all&print=true](http://www.cjr.org/the_news_frontier/will_the_irs_derail_nonprofit_journalism.php?page=all&print=true).
- <sup>90</sup> Steven Waldman, workshop (Jan. 20, 2012).
- <sup>91</sup> Orage Quarles, workshop (Jan. 20, 2012).
- <sup>92</sup> Michelle Connolly, workshop (Jan. 20, 2012).
- <sup>93</sup> Blair Levin, workshop (Jan. 20, 2012).
- <sup>94</sup> Mark Prak, workshop (Jan. 20, 2012).
- <sup>95</sup> Alan Mason, interview (March 19, 2012).
- <sup>96</sup> *Id.*
- <sup>97</sup> Ferrel Guillory, interview (Feb. 23, 2012).
- <sup>98</sup> See *supra* note 84 at 18-19.
- <sup>99</sup> Ferrell Guillory, interview (Feb. 23, 2012).
- <sup>100</sup> Penny Abernathy, interview (Feb. 15, 2012).
- <sup>101</sup> See Leonard Downie, Jr., & Michael Schudson, *The Reconstruction of American Journalism*, COLUMBIA JOURNALISM REVIEW, at [http://www.cjr.org/reconstruction/the\\_reconstruction\\_of\\_american.php?page=all](http://www.cjr.org/reconstruction/the_reconstruction_of_american.php?page=all).
- <sup>102</sup> See SouthNow, at <http://www.southnow.org>.
- <sup>103</sup> Jack M. Balkin, *The Future of Free Expression in a Digital Age*, 36 PEPP. L. REV. 427 (2008-2009).

---

## APPENDIX

### *Workshop Program*

9 a.m. – **Welcome** by Dean Susan King, UNC School of Journalism and Mass Communication

9:10-9:20 a.m. – **Introduction** by attendees

9:20-9:50 a.m. – **Q&A** between James Hamilton and Steven Waldman

10 a.m.-10:50 a.m. – **Panel 1: Gaps and Opportunities in Accountability Journalism**

11-11:50 a.m. – **Panel 2: How Internet, Cable, Satellite and Mobile Broadband Providers Can Support Local Accountability Journalism**

Noon-1 p.m. – **Lunch Presentation** by Tom Stites

1:15-3 p.m. – **Roundtable Discussion** of potential policy proposals

### *Workshop Panels*

**Panel 1** – Led by Penny Abernathy and Ferrell Guillory. Including Fiona Morgan, Sarah Cohen, Alan Mason and Rick Thames.

**Panel 2** – Led by David Ardia. Including Michelle Connolly, Mark Prak and Blair Levin.

**Roundtable** – Led by Michael Gerhardt and Lili Levi.

### *Panel Participants*

Penny Abernathy, Knight Chair in Journalism and Digital Media Economics, UNC School of Journalism and Mass Communication.

David Ardia, co-director, UNC Center for Media Law and Policy; assistant professor of law, UNC School of Law; faculty associate, Berkman Center for Internet & Society, Harvard Law School.

Sarah Cohen, Knight Professor of the Practice and director of the Reporters' Lab, Duke University.

---

Michelle Connolly, associate professor of the practice and director of the Honors Program in the economics department at Duke University; formerly chief economist for the Federal Communications Commission.

Michael Gerhardt, Samuel Ashe Distinguished Professor of Constitutional Law and director of the Center on Law and Government, UNC School of Law.

Ferrel Guillory, founding director of the Program on Public Life, UNC School of Journalism and Mass Communication.

James Hamilton, Charles S. Sydnor Professor of Public Policy and professor of Political Science and Economics, as well as director of the DeWitt Wallace Center on Media and Democracy, Duke University.

Lili Levi, professor of law, University of Miami School of Law.

Blair Levin, communications and society fellow, Aspen Institute; formerly executive director of the Omnibus Broadband Initiative at the Federal Communications Commission.

Alan Mason, vice president and general manager, News14 Carolina.

Fiona Morgan, associate in research, DeWitt Wallace Center for Media and Democracy, Duke University

Cathy Packer, co-director, UNC Center for Media Law and Policy, and W. Horace Carter Distinguished Professor, UNC School of Journalism and Mass Communication.

Mark Prak, partner, Brooks, Pierce, McLendon, Humphrey & Leonard.

Tom Stites, founder and president, the Banyan Project.

Rick Thames, editor, *The Charlotte Observer*.

Steven Waldman, former senior adviser to the chairman of the Federal Communications Commission and author of the report *Meeting the Information Needs of Communities*.

### ***Workshop Participants***

Kelly Alexander, member of the N.C. House of Representatives from Mecklenburg County, N.C.

Latimer Alexander, city council member from High Point, N.C., and president of the N.C. League of Municipalities.

---

Brady Allen, partner, Allen Law Offices, representing, among others, the N.C. Telephone Membership Cooperatives Coalition.

Britton Allen, partner, Allen Law Offices, focusing recently on net neutrality, broadband deployment and universal service reform.

Dwight Allen, partner, Allen Law Offices, focusing on telecommunication, energy and regulated industries; since 2001, executive vice president of the N.C. Telephone Cooperative Coalition.

Teresa Artis, vice president and general counsel, Capitol Broadcasting Company.

Marilyn Avila, member of the N.C. House of Representatives from Wake County, N.C.

Frank Barrows, former managing editor of *The Charlotte Observer*, co-founder of the N.C. Open Government Coalition.

Brian Bowman, public affairs manager, City of Wilson, N.C., known for its municipal broadband service, Greenlight.

Steve Brewer, director for state government affairs, CenturyLink, the nation's third largest broadband provider.

Damon Circosta, formerly executive director of the N.C. Center for Voter Education, now executive director of the Z. Smith Reynolds Foundation.

John Clark, executive producer, Reese Felts Digital News Project, UNC School of Journalism and Mass Communication.

Larry Conrad, vice chancellor for information technology and chief information officer, UNC-Chapel Hill.

Laura N. "Lolly" Gasaway, Paul B. Eaton Distinguished Professor of Law, UNC School of Law.

Clayton Gladieux, student webmaster, UNC Center for Media Law and Policy.

Liz Hill, chair of the Regulatory Committee, Carolinas Wireless Association.

Ivy Hoffman, formerly executive director of the N.C. Agency for Public Telecommunications.

John Idler, president and general manager, WTVD, and current president, N.C. Broadcasters Association..

---

Paul Jones, joint faculty, UNC School of Journalism and Mass Communication and UNC School of Information and Library Science, and developer and director of [ibiblio.org](http://ibiblio.org).

Susan King, dean, UNC School of Journalism and Mass Communication; formerly vice president for external affairs, Carnegie Corporation of New York.

Matt Lail, staff member and interim director of public affairs, N.C. League of Municipalities.

David S. Levine, assistant professor of law, Elon University School of Law, and affiliate scholar, Center for Internet and Society, Stanford Law School.

Sam Matheny, general manager, News Over Wireless, part of CBC New Media Group, a division of Capitol Broadcasting Company.

William (Bill) Marshall, Kenan Professor of Law, UNC School of Law; formerly deputy White House counsel and deputy assistant to the President of the United States during the Clinton Administration.

Floyd B. McKissick, Jr., member of the N.C. Senate from Durham, N.C.

Perri Morgan, non-profit manager and state public policy advocate, currently working with the UNC Community Development Law Clinic.

Stan T. Pace, east region director of regulatory and government affairs, Frontier Communications; formerly Verizon's corporate public policy director for North Carolina.

Mary-Rose Papandrea, associate professor of law, Boston College School of Law.

Jane Smith Patterson, longtime advocate of Internet access and rural broadband initiatives, former director of e-NC, a state agency promoting rural access.

Brad Phillips, vice president of government relations in North Carolina, TimeWarner Cable.

Courtney Price, editor, *The Denver (N.C.) Weekly*.

Orage Quarles, publisher, *The News & Observer*, the state's second-largest daily newspaper, in Raleigh, N.C.

John Remensperger, master's degree student, UNC School of Journalism and Mass Communication.

Dean C. Smith, research fellow, UNC Center for Media Law and Policy.

---

Frank Taylor, managing editor, *Lincoln Times-News* in Lincolnton, N.C.

Ryan Thornburg, assistant professor, UNC School of Journalism and Mass Communication and author of the book “Producing Online News: Digital Tools, Stronger Stories.”

Fran Wescott, longtime communications and community relations professional; formerly a producer/director with the N.C. Association for Public Telecommunications.

Rick Willis, news director, News14 Carolina, and president, N.C. Open Government Coalition.

Liz Woolery, doctoral student, UNC School of Journalism and Mass Communication.