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# Acquisitions and Content Sharing Shapes Local TV News in 2013

**FOR FURTHER INFORMATION  
ON THIS REPORT:**

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## About This Report

This report is a component of the State of the News Media 2014, the eleventh edition of the annual report by the Pew Research Center examining the landscape of American journalism. This year's study includes special reports about the revenue picture for news, the growth in digital reporting, the role of acquisitions and content sharing in local news and how digital video affects the news landscape. In addition, it provides the latest data on audience, economic, news investment and ownership trends for key sectors of news media. The full study is available online and includes a database with news industry trend data and a slideshow about how news functions on social media. This report's main author is Deborah Potter with collaboration from the following individuals. Find related reports about trends in journalism at [pewresearch.org/journalism](http://pewresearch.org/journalism).

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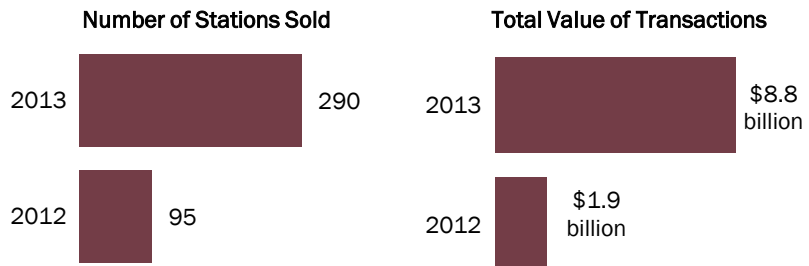
## Overview

Local television in the U.S. saw massive change in 2013, change that remained under the radar of most Americans. Big owners of local TV stations got substantially bigger, thanks to a wave of station purchases. While the TV business profited, the impact on consumers is less clear and seems to vary from one market to the next. Still, the rapidly spreading practice of separately owned stations being operated jointly drew criticism from consumer groups and new scrutiny from federal regulators.

Almost 300 full-power local TV stations changed hands in 2013, at a cost more than \$8 billion. The 2013 total of 290 is 195 more stations than in 2012 and more than four times the dollar value.<sup>1</sup> Many of the deals resulted in stations in the same market being separately owned on paper but operated jointly, a practice that has grown exponentially in just the past two years. Joint service agreements of one kind or another now exist in at least 94 markets, almost half of the 210 local TV markets nationwide, and up from 55 in 2011.<sup>2</sup>

The impetus for most of these acquisitions and operating arrangements is economic, but it also has an effect on the local news that audiences receive. One measurable impact has been fewer stations originating local news content. That number has dropped by 8% since 2005. Fully a quarter of the 952 U.S. television stations that currently air local newscasts do not produce the programs themselves; another station provides

### Local TV Acquisitions Hit a Record in 2013

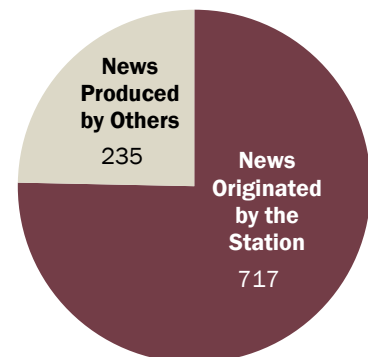


Source: BIA/Kelsey

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### One in Four Local Stations Do Not Produce News Content

Number of stations



Source: RTDNA/Hofstra University Surveys

Note: Based on survey responses of news directors at all commercial TV stations in 2012.

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<sup>1</sup> Malone, Michael. "Study: \$8 Billion in Station Sales in '13." *Broadcasting & Cable*. Jan. 21, 2014.

<sup>2</sup> Yanich, Danilo. "Local TV News, Localism & Service Agreements." University of Delaware. Sept. 2013.

them, according to research that Bob Papper published in 2013 for the Radio Television Digital News Association.<sup>3</sup>

Other types of news sharing partnerships are also on the rise. Stations owned by the same company now routinely share news content regionally or groupwide. In some of the largest markets, local news services produce coverage for two or more competing stations. And more than three-quarters of local TV stations say they share news content with other media, including radio stations and newspapers, according to the most recent survey by the Radio Television Digital News Association.<sup>4</sup>

The economic benefits of station consolidation are indisputable and include the increase in retransmission fees paid to station owners and the boost in stock prices of companies on buying sprees. But the effect on the quality of news coverage consumers receive is far more complicated to assess.

Advocacy groups say station consolidation is depriving communities of the diverse sources of news they need to stay informed. "The original deal was [broadcasters] get free use of the public airwaves, you get the opportunity to make a nice living off of that, but in return you must serve the public interest," said former FCC commissioner Michael Copps, now with Common Cause. "They're public airwaves and they're supposed to be serving community interests and local markets, not one-shop news operations that span many outlets."<sup>5</sup>

Other observers say consolidation makes broadcast stations stronger so they are able to produce better news programs. "Consolidation gives the surviving stations more resources -- financial, technical and legal," said Harry Jessell, editor of the industry journal TVNewsCheck. "Also, in small markets, producing news on single low-rated stations is becoming [economically] untenable."<sup>6</sup>

And while the total number of people working in local TV news is at a near-record high, so is the amount of news their stations air. The average hours of weekday news programming actually declined slightly in 2012 (by six minutes), but that follows four straight years of increases and is still 46% higher than in 2003. What's more, newscast time on weekends expanded by more than 11% on Saturday and 5% on Sunday, from 2011 to 2012.<sup>7</sup> Another area of increase has been in the

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<sup>3</sup> Papper, Bob. "[Newsroom Staffing Stagnates](#)." RTDNA.org. July 15, 2013.

<sup>4</sup> Papper, Bob. "[Newsroom Technology, Partnerships Stabilize](#)." RTDNA.org. June 4, 2013.

<sup>5</sup> Interview with author Deborah Potter, Nov. 12, 2013.

<sup>6</sup> Email to author Deborah Potter, Jan. 12, 2014

<sup>7</sup> Papper, Bob. "[Survey Shows Near-Record Year for Local News](#)." RTDNA.org. June 17, 2013.

very early morning time slots. Stations airing news at 4:30 a.m. increased 11% in 2013 to 271, up from 245 in 2012, according to Nielsen data. Those stations cut across 120 markets, up from 113 in 2012.

"You can argue that every time you add an outlet, that unless you add a commensurate number of staff people then you're just spreading yourself thinner and thinner," Papper said. "You could probably make an argument that there is a bigger toll being taken by spreading out the news on more and more outlets and in more and more newscasts than there is by consolidation."<sup>8</sup>

The FCC, the regulatory body that oversees broadcasting, heard dozens of complaints about TV consolidation in the past year as it continued a long-delayed review of the rules governing station ownership. While no action has yet been taken, broadcasters fear the agency will crack down on joint operating agreements. Early in 2014, the Justice Department warned that the practice could allow station owners to "influence or control" competitors and should be more tightly regulated.<sup>9</sup>

In this report we examine the details of the massive rise in acquisitions--a phenomenon that flies under the radar of the average local television news viewer--the incentives behind them and the ramifications for the consumer.

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<sup>8</sup> Interview with author Deborah Potter, Oct. 21, 2013.

<sup>9</sup> Flint, Joe. "[Justice Department Wants Tougher Oversight of Local Broadcasters.](#)" Los Angeles Times, Feb. 21, 2014.

## A Surge in Local TV Acquisitions Puts More Stations in the Hands of a Few

Many of the 290 TV station purchases in 2013 occurred as group acquisitions by some of the largest owners, building their portfolios of stations even more.<sup>10</sup> The Tribune Co. emerged from bankruptcy to make the richest single deal, spending \$2.73 billion to acquire 19 stations from Local TV Holdings.<sup>11</sup> Gannett completed a \$2.2 billion transaction to buy 17 stations from Belo Corp., almost doubling Gannett's TV holdings and giving it national reach.<sup>12</sup> Twelve stations changed hands when Media General merged with New Young Broadcasting.<sup>13</sup>

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### Top Local Television Station Deals in 2013

Buyer	Seller	Number of Stations	Price (in millions)
Tribune	Local TV Holdings	19	\$2,725
Gannett	Belo Corporation	17	2,200
Sinclair	Allbritton	7	0.985
Sinclair	Fisher Communications	22	0.373
Sinclair	Barrington Broadcasting	24	0.370

Source: BIA/Kelsey

Note: Numbers represent the total number of stations purchased on the closing date of the deal, including stations where ownership was transferred to another company but operational control remained with the initial buyer.

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<sup>10</sup> Broadcast groups weren't the only ones buying stations. SNL/Kagan reports that investment companies also snapped up stations with an eye toward selling their spectrum in an expected FCC auction in 2015. See: "[Spectrum Aggregation Spurs TV Station Sales](#)." TVTechnology.com. March 1, 2013.

<sup>11</sup> "[FCC Approves Tribune Co. Acquisition of Local TV](#)." Chicago Tribune. Dec. 20, 2013.

<sup>12</sup> Davidson, Paul. "[Gannett Completes Its Belo Acquisition](#)." USA Today. Dec. 24, 2013.

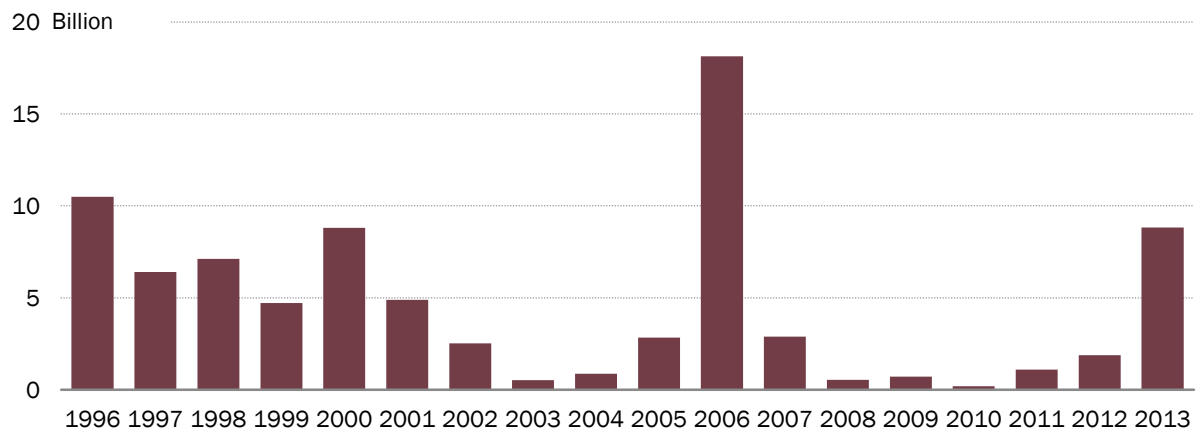
<sup>13</sup> "[Media General and Young Broadcasting Announce Merger Agreement](#)." MediaGeneral.com. June 6, 2013.

Sinclair Broadcasting acquired more individual stations than any other buyer, snapping up outlets owned by locally based companies like Fisher Communications in Seattle and Allbritton Communications in Washington, D.C. The company already owned the most local stations of any group; if all pending sales go through, Sinclair will own or provide services to 167 television stations in 77 markets, reaching almost 40% of the U.S. population.<sup>14</sup> Nexstar Broadcasting made moves to increase its portfolio to 108 stations in 56 markets. In 37 of those markets, it will own or provides services to more than one station.<sup>15</sup> Nexstar's chief executive, Perry Sook, predicted the "rolling M&A thunder" would continue throughout 2014, and it has.<sup>16</sup> In March, Media General announced plans to buy LIN Media's 43 stations for \$1.6 billion.<sup>17</sup>

Other broadcast executives also expect the market to stay hot. Speaking at the UBS Media Conference in New York last December, Sinclair CEO David Smith predicted that the current rush of consolidation would last another year or two. And he made clear what his ultimate goal would be: "I'd like to have 80 percent of the country if I could get it. I'd like to have 90 percent."<sup>18</sup>

## Value of Television Mergers and Acquisitions

*In dollars*



Source: BIA/Kelsey

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<sup>14</sup> ["Sinclair Broadcast Group Company Profile."](#) SBGI.net. Retrieved March 11, 2014.

<sup>15</sup> ["Nexstar Broadcasting Fourth Quarter Net Revenue Rises 18.9% to a Record \\$138.1 Million."](#) Nexstar.TV. Retrieved March 11, 2014.

<sup>16</sup> Jessell, Harry. ["Sook Forecasts More 'Rolling M&A Thunder.'"](#) TVNewsCheck. May 9, 2013.

<sup>17</sup> ["Media General to buy LIN Media for \\$1.6 billion."](#) Reuters. March 21, 2014.

<sup>18</sup> Under current regulations, individual broadcasters are prohibited from reaching more than 39% of the U.S. population. See "Regulation."

The buying binge continues despite federal limits on station ownership. The FCC [currently prohibits](#) one company from owning more than one of the four top-rated TV stations in a single market.<sup>19</sup> But there is no rule prohibiting broadcasters from managing more than one station per market. Many of the deals agreed to in 2013 took advantage of that loophole. Companies that made deals to buy groups with stations in markets where the rules would prohibit joint ownership arranged to spin off those stations to other owners but retained effective control through joint operating agreements.<sup>20</sup> "Essentially, side-car companies or license holding companies are formed to hold the license, but the primary or ultimate parent in the case is actually operating the station," said Justin Nielsen of SNL/Kagan.<sup>21</sup>

Broadcasters say these agreements are entirely within the boundaries set by the FCC. "I can walk right up to that line and look right at that line," said Sinclair's Smith. He calls the arrangements "necessary for survival," given the increased competition broadcasters face from cable and the Internet.<sup>22</sup> Owning or providing services to multiple stations in a market provides "efficiencies and economies of scale," said Tribune vice president Larry Wert.<sup>23</sup>

The savings from large-scale consolidation can run into the millions of dollars. Gannett estimated its acquisition of Belo would net the company about \$175 million a year within three years after the deal closed, mostly from reduced corporate costs and higher income from retransmission fees paid by cable and satellite systems that carry its local channels.<sup>24</sup>

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## Top Local TV Companies

Company	Number of Stations	Number of Markets
Sinclair	167	77
Nexstar	108	56
Gray	73	40
LIN Media	43	23
Tribune	42	34
Media General	31	28
CBS	29	19
Gannett	43	33
Scripps	19	13
Meredith	13	11
Graham Holdings	6	6

Source: Individual media company press releases and websites.

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<sup>19</sup> [Review of the Broadcast Ownership Rules](#). FCC.gov. Accessed Jan. 7, 2014.

<sup>20</sup> The three most common types of agreements between broadcast stations are shared services agreements, joint sales agreements and local marketing agreements. See: Lovelady, Steve. ["TV Shared Services Agreements: Danger Ahead!"](#) CommLawBlog.com. Nov. 27, 2011.

<sup>21</sup> Interview with author Deborah Potter. Sept. 30, 2013.

<sup>22</sup> Hagey, Keach. ["Sinclair Draws Scrutiny Over Growth Tactic."](#) Wall Street Journal. Oct. 21, 2013.

<sup>23</sup> Jessell, Harry. ["For Tribune's Wert, Bigger Is Much Better."](#) TVNewsCheck. July 10, 2013.

<sup>24</sup> Launder, William and Drew Fitzgerald. ["Gannett to Buy Belo, Expanding TV Portfolio."](#) Wall Street Journal. June 13, 2013.



## Impact of Consolidation on TV Economics

The business benefits of consolidation are clear and unmistakable. Stations save on overhead by combining back office operations, including sales and engineering. They often move in together, cutting costs by sharing office and studio space. In Columbus, Ohio, for example, Sinclair's ABC affiliate, WSYX, is housed in the same building as the Fox affiliate, WTTE, owned by Cunningham but operated by Sinclair. The ABC and Fox affiliates in Springfield, Mass., owned by Gormally Broadcasting, share studios and live-broadcast trucks, branded with both stations' logos.

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### A Live Truck Shared by Two Springfield, Mass., Stations Covers a News Story in Nearby Northampton



Notes: Photo courtesy of Deborah Potter. Dec. 13, 2013.

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Another key benefit of consolidation is in the fast-growing revenue stream of retransmission fees. The more stations a company owns or operates, the more leverage it has to demand higher retransmission fees. "Scale matters just to even the level [of the] playing field," said Nexstar's Sook. "Without retransmission fees, we'd look more like the newspaper business rather than TV business."<sup>25</sup>

Bigger companies also have more clout to negotiate programming deals with networks or syndicators. "If you wanted a decent seat at the table talking to those guys, you had to have scale," said Barry Lucas, senior vice president of research at the investment firm Gabelli & Co. "Otherwise you were irrelevant and got pushed around."<sup>26</sup>

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<sup>25</sup> Yu, Roger. "[Retransmission Fee Race Poses Questions for TV Viewers.](#)" USA Today. Aug. 2, 2013.

<sup>26</sup> Gollum, Rob, Edmund Lee and Andy Fixmer. "[Sinclair on Prowl for More TV Stations as Deals Mount.](#)" Bloomberg. June 19, 2013.

Station groups with the advantage of size have been pushing back, more than willing to let their stations go dark on distribution systems to press for higher fees, as CBS and Media General did in 2013. CBS reportedly won a 150% fee hike from Time Warner Cable to nearly \$2 per subscriber in New York, Los Angeles and Dallas, more than double the industry average.<sup>27</sup>

The explosive growth of retransmission revenue was on display at the UBS conference late in 2013 as station group executives rolled out the numbers. Meredith Corp., which owns 13 local stations, reported that retransmission dollars had more than tripled in the last three years. Scripps CEO Rich Boehne said the fees had jumped from \$11.7 million in 2010 to \$42 million in 2013. Media General CEO George Mahoney said his company had enjoyed roughly a six-fold increase in retransmission revenue in four years—from about \$12 million in 2008 to nearly \$70 million in 2012.

Stations keep only about half of that revenue--the rest goes to the networks in reverse compensation<sup>28</sup> --but the end result for station owners has been a substantial increase in the value of their broadcast properties.<sup>29</sup> "They're all saying, 'Oh my God! Retrans is a serious amount of money,' " said CBS president Les Moonves. "Stations, therefore, are much more valuable than they ever were."<sup>30</sup>

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<sup>27</sup> Eule, Alexander. "[Boom Time for Broadcast Stocks](#)." Barron's. Sept. 21, 2013.

<sup>28</sup> Reverse compensation is the practice of a commercial television station paying a television network in exchange for being permitted to affiliate with that network. The word "reverse" refers to the historical practice of networks paying stations to compensate them for the airtime networks used to run network advertisements during their programming.

<sup>29</sup> Marszalek, Diana. "Ryvicker: Stations Losing \$10.4 Billion in Retrans." TVNewsCheck. Sept. 18, 2013.

<sup>30</sup> Eck, Kevin. "[Moonves Says CBS Local Stations Worth More After Time Warner Battle](#)." MediaBistro. Sept. 12, 2013.

Retransmissions is only part of the reason TV stations have increased in value. Stations airing local news, whether they produce it themselves or get it from someone else, also pull in more advertising revenue. "All the money is in news," said Meredith chief executive Stephen Lacy, whose company is looking to buy more stations and is targeting those with top-rated newscasts.<sup>31</sup> News generates almost half the revenue for the average TV station, according to Radio Television Digital News Association research.<sup>32</sup> Under a typical joint operating agreement, a station that provides services for another station gets to keep about a third of that channel's advertising revenue.<sup>33</sup>

The potential for significantly higher ad revenue in election years also boosted stations' value. In the 2012 presidential campaign--the first one conducted after the [Supreme Court's landmark 2010 Citizens United ruling](#) --a record [\\$3.1 billion in political ad revenue](#) was spent in local television and many companies have reported huge increases in political ad revenue from the 2008 to the 2012 presidential cycles. At Scripps, for example, that revenue went from \$41 million in 2008 to \$107 million four years later, although at least some of that increase is due to Scripps' purchase of more TV stations.

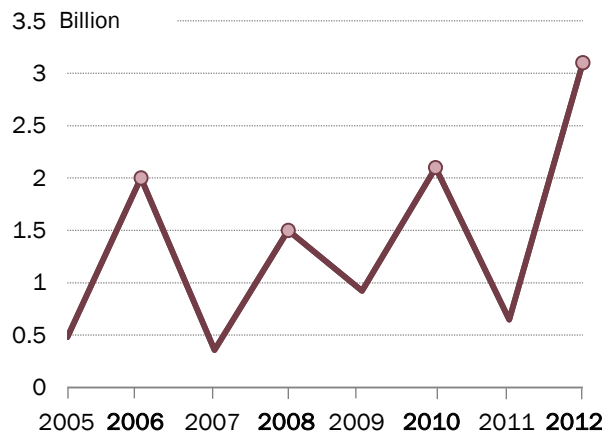
As a result, broadcasters are looking to buy stations in politically competitive states. Nexstar cited "political advertising activity" as a major reason it bought two Citadel stations in Des Moines and Sioux City, Iowa—a crucial caucus state where presidential campaigns spend millions on TV ads.<sup>34</sup> It picked up two more Iowa stations in a separate deal.<sup>35</sup>

Wall Street's response to consolidation and the growth in retransmission fees has been to push broadcast stock prices considerably higher. Nexstar's stock value more than tripled in 2013, while

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## 2012 Marked a New High in Political Advertising

*In dollars*



Source: Television Bureau of Advertising

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<sup>31</sup> Saba, Jennifer. "[Meredith CEO on the Hunt for More TV Stations](#)." Reuters. Dec. 9, 2013.

<sup>32</sup> Papper, Bob. "[Newsroom Staffing Stagnates](#)." RTDNA.org. July 15, 2013.

<sup>33</sup> Lovelady, Steve. "[SSAs and JSAs - Some Unwritten Rules](#)." CommLawBlog. March 26, 2012.

<sup>34</sup> "[Nexstar. Mission Buying 5 Stations for \\$103M](#)." TVNewsCheck. Sept. 16, 2013.

<sup>35</sup> "[Nexstar to Pay \\$87.5M for 7 Grant Stations](#)." TVNewsCheck. Nov. 6, 2013.

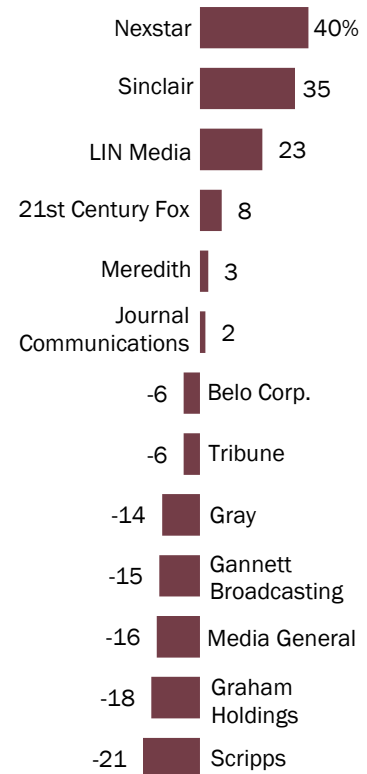
Sinclair's more than doubled. Gannett's stock price jumped 34% the day it announced it was buying Belo.<sup>36</sup> "The broadcasting industry has developed a reputation for being a great generator of cash," said Michael Alcamo, president of investment banking firm M.C. Alcamo & Co.<sup>37</sup>

Expanding companies like Nexstar and Sinclair also **reported sharply higher third-quarter revenue in 2013**, bucking the expected trend of lower broadcast revenue in years without elections or Olympic Games to drive ad spending. Nexstar revenue was up 40%; Sinclair's up almost 35%. With the exception of LIN Media, which also posted a double-digit gain, other broadcast groups reported losses or single-digit gains. The revenue from newly acquired stations accounted for most of the gains, but Sinclair said its revenues from stations it already owned were up 11% year over year, thanks to higher retransmission fees.<sup>38</sup>

Consolidation may be good for broadcast companies, but the cable companies that negotiate with broadcasters over the growing retransmission fees argue that it is bad for consumers. As large-scale broadcasters secure higher retransmission fees, "consumers ultimately foot the bill in the form of higher cable rates," said Matthew Polka, president of the American Cable Association, which represents small and medium-sized cable companies.<sup>39</sup> A 2013 report from the Federal Communications Commission found that the average monthly bill for expanded basic cable had increased, on average, about 6% a year between 1995 and 2012.<sup>40</sup> Currently, cable and satellite systems pay broadcasters only about 10% of what they have to give channels like HBO and Discovery, according to SNL Kagan, but the fees paid per subscriber are moving toward parity.<sup>41</sup>

## The Revenue Picture at Local TV Station Groups

% change 2013 third quarter vs. 2012 third quarter revenues



Note: This is the first quarter 21<sup>st</sup> Century Fox reports as a separate company.

Source: Company Data and News Reports, Q3 2013 Revenue vs. Q3 2012.

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<sup>36</sup> Eule, Alexander. "Boom Time for Broadcast Stocks." Barron's. Sept. 21, 2013.

<sup>37</sup> Malone, Michael. "Street Takes Stock of Broadcasting Resurgence." Broadcasting & Cable. Oct. 7, 2013.

<sup>38</sup> "Sinclair Posts Gain in 3Q Revenue." TVNewsCheck. Nov. 6, 2013.

<sup>39</sup> "ACA Urges FCC Review of TV Station Duopolies." American Cable Association. Undated.

<sup>40</sup> "Report on Cable Industry Prices." FCC.gov. June 7, 2013.

<sup>41</sup> Marszalek, Diana. "Station Retrans Fees Up but ESPN Still King." TVNewsCheck. June 6, 2013.

## Shared Operations and News Production

Local TV stations that share news operations or content do so in a number of different ways, which have varying impacts on the news programming available to consumers. The most common type of news sharing arrangement involves one newsroom producing newscasts for more than one outlet in the same market. In most cases, both stations are either owned or operated by the same company.

Co-owned stations are known in the broadcast industry as duopolies. In Boston, for example, Sunbeam Television owns the NBC affiliate, WHDH. It was allowed to buy what was then the WB affiliate, WLVI, from Tribune in 2006 because that station was not among the top four rated television outlets in the market. Other sales have been approved by the FCC under what is known as a "failing station waiver," which allows a sale to go through on the ground that it is the only way to keep the station being acquired on the air.

Jointly operated stations are known as virtual duopolies. Sinclair, for example, has an operating agreement with Cunningham Broadcasting, which is controlled by the family trusts of Sinclair's owner, David Smith. Cunningham owns six stations, all of which are run by Sinclair.<sup>42</sup> Cunningham stations that run local news get it from a Sinclair station. Nexstar has a similar arrangement with Mission Broadcasting, which owns 20 stations, all of them in markets where Nexstar also owns a station. Nexstar holds a controlling interest in Mission, according to its SEC filings, and operates all of Mission's stations.<sup>43</sup> None of Mission's news operations are independent from Nexstar.

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<sup>42</sup> Yu, Roger. "[Sinclair Emerges as a Major Broadcasting Player](#)." USA Today. Sept. 20, 2013.

<sup>43</sup> Nexstar Broadcasting SEC filing [10K Annual Report](#). March 2013.

## How Shared News Production Works

Sometimes, the result of newsroom consolidation is simulcasting, where one station carries a newscast that also airs on another station at the same time. For example, ABC affiliate WLAJ in Lansing, Mich., owned by Shield Media, began simulcasting news in 2013 from the local CBS affiliate, WLNS, owned by Media General. WLAJ had not aired a local newscast since 2009, when it scrapped its news department.<sup>44</sup>

The CBS and NBC affiliates in Honolulu, both owned by Raycom, simulcast identical early evening and late newscasts on both channels. "If you turn the channel, you're seeing the same anchors, the same news set," said Derek Turner, research director of the media watchdog group Free Press. "The only thing that's different is the little logo on the bottom of the screen."<sup>45</sup> The stations' combined newsroom also produces a separate newscast for a third outlet, the MyTV affiliate.<sup>46</sup>

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### Hawaii News Now Anchor Appears on Two Stations at the Same Time



Notes: Hawaii News Now Anchor Stephanie Lum Appears on Two Stations at the Same Time, CBS Affiliate KGMB and NBC Affiliate KHNL. The only difference between the two stations' 10 p.m. newscasts is the station "bug" in the lower third super.

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<sup>44</sup> "6 News to Run on ABC Station," WLNS.com. April 1, 2013. "[Our History](#)." MyGTNTV. Undated.

<sup>45</sup> Interview with author Deborah Potter. Oct. 18, 2013.

<sup>46</sup> Chiem, Linda. "[Hawaii TV Merger to Shake Up Three Workplaces](#)." Pacific Business News. Aug. 27, 2009.

A second, more common type of news sharing involves one newsroom producing newscasts for two stations that air at different times, but with identical anchor teams and almost all of the same content. Some small-market stations like KRHD in Bryan, Texas, and WDFX in Dothan, Ala., employ only a few journalists. They cover stories that are inserted into newscasts produced by co-owned stations in nearby cities.

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### ABC Affiliates in Texas Share News Content



Note: ABC affiliates in Waco and nearby Bryan, Texas, owned by Drewry Communications, share news content and the same anchor team.

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In most cases, these newscasts that use the same anchor team on different stations in the same market are branded separately, but not always. In Chico, Calif., for example, ABC affiliate KRCR, owned by Bonten, produces a 10 p.m. newscast for the Esteem-owned Fox affiliate, but brands it "KRCR News Channel 7 on FOX 20." In Grand Rapids, Mich., the NBC affiliate WOOD produces news for the co-owned MyNetworkTV station but promotes it as a WOOD News 8 product.

A third type of news sharing arrangement involves consolidated newsrooms producing newscasts with separate news anchor teams but using many of the same reporters and stories. In Syracuse, N.Y., for example, the 11 p.m. newscast on CBS affiliate WTVH, owned by Granite, is produced by Sinclair's NBC affiliate WSTM, which airs its own late news at the same time. The programs have different news anchors, but share weather and sports anchors, whose segments have to be scheduled down to the minute to give them time to change locations. In West Palm Beach, Fla, the Scripps-owned NBC affiliate, WPTV, produces morning, afternoon and late news for Raycom's Fox affiliate, WFLX.

A fourth, much less common, type of sharing arrangement involves stations with consolidated newsrooms airing different newscasts with entirely separate on-air staffs. Researcher Bob Papper knows of fewer than 10 English-language newsrooms that operate this way, and he counts them as separate originating stations.<sup>47</sup>

NBC and Telemundo, both owned by Comcast, share newsrooms in seven U.S. markets and produce separate news programs in two different languages (English and Spanish) (pending footnote). "Our NBC newsrooms are so much larger than the Telemundo newsrooms that if you combine them, it gives Telemundo so many more resources to do a better job for the Spanish-language viewer that I think is underserved and needs more information," said Valari Staab, president of NBCUniversal television stations.

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### Grand Rapids NBC Affiliate Produces a Nightly Newscast for Another Station



24 Hour News 8 at 10pm on WXSP 4 years ago

The same in-depth news and weather coverage you rely on, only one hour earlier.

Note: NBC Affiliate WOOD (News 8) in Grand Rapids, Mich., owned by LIN Media, Produces a Nightly Newscast for WXSP, a MyNetworkTV Station Also Owned by LIN, and Promotes It as a News 8 Product.

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<sup>47</sup> Interview with author Deborah Potter. Oct. 21, 2013.



In Miami, NBC's WTVJ and Telemundo's WSCV also share a new investigative unit with a lead reporter who is fluent in both English and Spanish and who reports for both stations. NBC-owned stations have also outsourced production of the sports segments in their newscasts to local SportsNet channels in San Francisco and Philadelphia owned by Comcast, the parent of NBC.<sup>48</sup>

Sharing agreements can involve combined websites, often featuring logos of both stations, even when they are separately owned. MyStateline.com, for example, is the joint website of Nexstar-owned WQRF and Mission's WTVO in Rockford, Ill. ActionNewsJax.com is the joint website of Cox-owned WAWS and WTEV, owned by Bayshore Television, in Jacksonville, Fla.

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### News Websites Feature Logos of Both Stations



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<sup>48</sup> Eichel, Molly. "[Comcast SportsNet Takes Over Sports Duties from NBC10.](#)" Philadelphia Daily News. Nov. 18, 2013.

## Impact of Shared News Production on Local TV Viewers

A number of television executives and observers say news sharing agreements, driven largely by the wave of station consolidation, offer real benefits for local viewers. For one thing, they say, these agreements make local news available to more viewers by giving them a choice of how it is presented and when to watch it. But critics say that convenience comes at the cost of competition and diversity in news content.

The overall impact of news sharing is difficult to assess. In some cases, these agreements have reduced the variety of voices and news content available to local viewers; in other cases, they have strengthened quality and enabled underfunded or smaller stations to continue providing news.

"TV stations don't have some of the sources of revenue that they've had in the past, like network compensation," said David Oxenford, an attorney with the law firm Wilkinson Barker Knauer, who represents broadcasters before the FCC. "A local operator, if you're not one of the big stations in the market, may not be very successful and may not be able to afford to do very much in the way of news except for some of these arrangements."

Media watchdog groups and consumer advocates, however, argue that in many markets, content sharing results in a diluted and duplicated news product. They dismiss the contention that airing similar newscasts at different times is a net gain for consumers. "If news comes on at 9 o'clock instead of at 10 o'clock, the public interest benefit of that I think is marginal at best," said S. Derek Turner of Free Press, one of those advocacy groups. "It's not adding another voice."

The size and complexity of the local TV news industry makes it challenging to get a definitive sense of the impact of the various sharing arrangements. Here, we examine three different elements that can speak to impact: the number of television stations originating local news; the level of repurposed content, which requires a station-by-station comparison; and the level of reporting power present.

For most of the last decade, the total number of stations that carry local news remained relatively steady. Bob Papper's data show that on average about eight stations a year stop producing local news and about the same number begin airing it, leaving the total number of news-carrying stations about the same.

What has changed is the number of stations originating their own local news, down 8% from a peak of 778 in 2005. That amounts to a net loss of 61 stations that used to produce their own newscasts. The most recent Radio Television Digital News Association survey shows 717 stations

producing news for their own viewers and for an additional 235 stations. An update of that survey, now in progress, is expected to show that the number of stations carrying news produced by someone else is now over 300. That looks like a sharp increase in just one year, but Papper cautions that it may be due largely to undercounting in the past. The bottom line: More than one out of four U.S. television stations that run local news get it from someone else.<sup>49</sup> But the majority of those stations, 175 from the 2012 analysis, never produced their own news. That list includes stations affiliated with networks like CW and MyNetworkTV, and about 60% of all Fox affiliates that carry local news. If not for shared service agreements, these stations would air no local news.<sup>50</sup>

Beyond the numbers is the question of the content itself. These arrangements do give viewers a new option—the chance to watch local news at different times on different channels. But in some markets, where stations stopped producing their own local newscasts to carry news from another station, viewers have lost independent sources of news. To help get a sense of the impact of these arrangements, the lead author of this report examined 18 newscasts on six stations in three mid-level markets where combined newsrooms are most common. The findings suggest that the impact can be significant, but varies substantially from market to market.

In **Little Rock, Ark.** (the 56th-largest TV market in the country), where Nexstar runs a virtual duopoly, the company's director of local content, Jerry Walsh, says the audience still gets a real choice. "The viewer sees a distinct brand on both television stations," he said. "There are separate anchors, separate graphics packages. You're seeing stories specific for an NBC station that might be a little bit longer, a little bit more in depth, where the Fox station is probably a little bit more fast-paced, more live shots. I would say the core story would be the same; there would be some treatments that would be a little bit different."

On one night in December, the two stations' early evening newscasts were noticeably different. Fox station KLRT, which bills itself as "Arkansas' breaking news leader," led its 5:30 p.m. newscast with a live report on a murder trial. At 6 p.m., NBC station KARK, whose tag line is "local news that matters," led with a reporter package on health insurance. Each station covered the other station's lead story later in their newscasts. Two reporters appeared on both newscasts -- David Goines covered the health insurance story for both stations while Josh Berry covered the costs of holiday lights for NBC and a story about stolen checks for Fox. Each station reported several stories that the other station did not cover.

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<sup>49</sup> Papper, Bob. "[Newsroom Technology. Partnerships Stabilize.](#)" RTDNA.org. June 4, 2013.

<sup>50</sup> Interview with author Deborah Potter. Jan. 23, 2014.

The same pattern held true on a January evening. The top story at 5:30 on the Fox station was a report by Maxine Ridling on a murder case; the NBC station ran the story sixth in its lineup as an anchor "tell," with no reporter package. On another December night, we screened the stations' late newscasts. KLRT's 9 p.m. program runs an hour, so it can cover far more stories than KARK's half-hour news at 10. But the later, shorter newscast still included stories not covered at all on KLRT, including a lead story on child abuse.

**In Syracuse, N.Y.** (market No. 84), though, where CBS affiliate WTVH shares a newsroom with NBC affiliate WSTM, the content viewers get is much the same on both stations. Their late newscasts often have the same lead story and run identical reporter packages, video and sound bites. Reporters do not mention either station's call letters in their sign-offs, so their stories can run on either channel. The newscasts differ primarily in presentation and style. The CBS affiliate begins with a check on the weather and a "top 5 on 5" summary of the major stories, but covers fewer stories over all and at greater length than the NBC affiliate. One night in December, for example, the NBC station's late newscast included 14 stories, just one of which was a local reporter package, while the CBS station covered nine stories, with three local reporter packages and one network package (on the death of South African President Nelson Mandela). On another night, each station's 6 p.m. newscast mentioned just two brief stories that were not covered by the other station, and both stations aired two identical reporter packages. On the late news on a January night, both stations not only ran identical packages on the same lead story, but they also ran the same package from a reporter in Washington, D.C., who works for Sinclair, the company that owns WSTM.

**In West Palm Beach, Fla.**, the 34th-largest market, one combined newsroom produces 57 hours of news each week for the separately owned NBC and Fox stations. "We've been very strategic, with separate stories for the Fox station at 10, different from 11," said Lana Durban Scott, director of news strategy for Scripps, which owns the NBC affiliate, WPTV. "There's so much going on we need to not minimize what we're covering and not repurpose it."

But West Palm Beach viewers who happened to watch both of the stations' late newscasts on one December evening would have seen the same reports by Dan Corcoran and Evan Axelbank within the first five minutes of each program. A feature Axelbank reported for the Raycom-owned Fox station turned up on the NBC station as well, with the same video and sound bites, having been re-voiced by the Fox anchor. In all, nine of the 14 stories in the half-hour WPTV newscast at 11 p.m. had already been covered by WFLX in its one-hour program at 10. There was somewhat less repetition on the stations' early evening newscasts on another night. The two newscasts had a dozen stories in common but not in the same order or at the same length. Also, WFLX's 4 p.m. newscast had 14 stories that were not carried on WPTV an hour later, and the later newscast had

12 stories that were not mentioned on the earlier program. But the one reporter package that aired on both stations might have left some viewers confused. The taped story included the sign off "WPTV, NewsChannel 5" on both stations.

On a January evening, however, the first half hour of the two early newscasts had almost all of the same content, just in a different order. And on the 5 p.m. newscast, WPTV reported "just into our newsroom" information that had already aired on WFLX an hour earlier.

Danilo Yanich of the University of Delaware says his research has determined that consolidation, in general, has had a negative effect on local content in television news. In a comparative analysis of TV news in eight markets, Yanich, director of the Local Television News Media Project, found that stations with news sharing agreements presented significantly less local content than other stations in those same markets.<sup>51</sup> "You have viewing choices across these local stations but you really don't have alternatives if they are presenting the same thing," Yanich said. "That's what's wrong with it."

Another question connected to the mix of content is the level of reporting power present in a market. In some cases, joint operating agreements and station sales lead to the closure or shrinkage of television newsrooms. At least 65 staffers, from both in and outside the newsroom, lost their jobs as a result of the TV consolidation in Hawaii, fully a third of the total employed by the stations before the merger.<sup>52</sup>

Some other examples of cutbacks in 2013 include:

- Albany, N.Y.: Fox affiliate WXXA, owned by Shield Media, dismantled its newsroom and began running newscasts produced by ABC affiliate WTEN, owned at the time by New Young Broadcasting. About thirty people were let go.<sup>53</sup>
- Little Rock, Ark.: After Mission bought Fox affiliate KLRT, it signed a shared services deal to carry news produced by Nexstar's NBC affiliate, KARK. Within a few months, about 28 people were laid off at the two stations.<sup>54</sup>
- Eugene, Ore.: NBC affiliate KMTR let 31 people go after it was bought by Fisher and the newsroom was merged with that of CBS affiliate KVAL, then operated by Fisher.<sup>55</sup>

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<sup>51</sup> Yanich, Danilo. Local TV News, Localism & Service Agreements. University of Delaware. Sept. 2013.

<sup>52</sup> "[KHNL/KFVE, KGMB Merger to Cut 68 Jobs.](#)" KITV.com Aug. 19, 2009.

<sup>53</sup> Anderson, Eric and Kristen V. Brown. "[Stormy Weather: WXXA Cuts Jobs.](#)" TimesUnion.com. March 22, 2013.

<sup>54</sup> Knable, Kate. "[Nexstar, Mission Separate Companies in Eyes of FCC Despite Appearances.](#)" Arkansas Business. Feb. 4, 2013.

<sup>55</sup> Eck, Kevin. "[Advertisers Wary of KMTR After Reported Layoffs.](#)" MediaBistro.com. June 7, 2013.

- Fresno, Calif.: At least two anchors at KSEE were forced out after Nexstar bought the station and merged its news operations with co-owned KGPE.<sup>56</sup> KGPE also shed a long-time anchor, and four photographers and editors after the merger.<sup>57</sup>

Over all, however, total employment in TV news has been at a near-record level for the past two years, according to researcher Bob Papper, and the average TV news staff is the biggest it has ever been. "It's clear that all the jobs lost have been picked up elsewhere," he said.

Raycom Vice President of News Susana Schuler says the quality of the news produced by the consolidated Honolulu newsroom is better than either of the two stations could have produced on its own. "We have a larger newsgathering force than either station had all by itself," she said. "We have been able to bring a much stronger level of news coverage to the market than either station was able to produce by itself before."

Sinclair says it has made substantial investments in the newsrooms it operates, adding 72 overall positions since 2012. In a written statement, the company's executive vice president Barry Farber said that Sinclair stations added 81 hours of news over that same time period.<sup>58</sup>

And some industry observers say that in a few markets, consolidation has helped weak stations improve. In Peoria, Ill., the Granite-owned NBC station, WEEK, produces news for the ABC affiliate, owned by Sinclair. "The ABC affiliate was in dire straits financially," says former WEEK news director Jim Garrott, who left before the stations combined their news operations in 2009. "Now it's stronger. They hired some people and the news has improved." The two stations share news content and some on-air staff but maintain separate anchor teams. "People in the community have gotten used to it," Garrott said. "I think they still pick their favorite program based on timing and who is on it."

In Fresno, Nexstar now owns two network affiliates—the CBS and NBC stations—both of which were struggling financially and ranked no better than fourth in the ratings, according to Fresno Bee media writer Rick Bentley, who has covered the market for 25 years. Nexstar built new studios for both stations in a shared building. "They're the first people in a long time to come into either of those two stations and put in money," Bentley said. Although some long-time employees were let

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<sup>56</sup> Munro, Donald. "[Losing Faith With Channel 24](#)," FresnoBeeHive.com. July 6, 2013.

<sup>57</sup> Bentley, Rick. "[Four Veteran Employees Laid Off at KSEE/KGPE](#)." Fresno Bee. Oct. 8, 2013.

<sup>58</sup> "[Sinclair Comments on Inaccurate and Irresponsible Report Released by Free Press](#)." PRNewswire. Oct. 24, 2013.

go, "you now have a pretty decent sized staff that's reporting to one news director, so to that end they have more feet on the ground."<sup>59</sup>

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<sup>59</sup> Interview with author Deborah Potter. Oct. 28, 2013.

## Groupwide News Sharing

Content sharing by local television newsrooms also occurs across markets. Stations in different markets that are owned or operated by the same company share content regularly, both on air and online, and these collaborations have exploded in the past two years thanks to the pace of consolidation and new technology.

News sharing across station groups plays out in a number of different ways. In some cases, it gives stations the opportunity to air stories produced by a nearby station on a topic that affects local viewers. It can also bolster coverage of state government by stations outside the capital, or give newsrooms a leg up when a big story breaks in a market where they have a sister station. A potential down side to groupwide sharing is that smaller stations may have to rely on stories from larger stations in the group to fill their newscasts, instead of being given more resources to cover news in their own markets.

Broadcast groups like Nexstar and Raycom have made it a priority to add stations within a state or region, allowing them to share news content of regional interest.<sup>60</sup>

Nexstar owns or operates eight network affiliates in New York State and another in Vermont that serves part of eastern New York. Those stations share 40 to 50 video clips a day, on average,

### Raycom Stations Are Clustered in the Southeast and Midwest



Source: Raycom [website](#)  
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### Nexstar Stations Are Concentrated in the Northeast and Midwest



**Nexstar Broadcasting** owns, operates, and programs or provides sales and other services to television stations located in NY, PA, IL, IA, IN, MO, TX, LA, AR, AL, MI, MD, MT, FL, TN, UT, VT, WI and CA.

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<sup>60</sup> "[Nexstar. Mission Buying 5 Stations for \\$103M.](#)" TVNewsCheck. September 16, 2013.



according to Jerry Walsh. Nexstar also produces a statewide noon newscast in Little Rock for its four stations in Arkansas.<sup>61</sup>

"Viewers across the country have told us regional is local, provided that you're putting it in the right context," Walsh said. "Viewing reporters regionally, they can be great contributors to your local newscasts." He points out that the typical local television newscast routinely includes secondary or feature stories from network feeds that might not appeal to a local audience as much as a story from a nearby station. "Do I want to hear about a story on the other side of the country or would I rather hear about a story somewhere else in my state that I can relate to?"

Broadcast groups that own stations in state capitals provide government coverage to stations they own or operate in that state. Raycom has reporters on staff at its stations in Montgomery, Ala.; Baton Rouge, La.; Columbia, S.C.; and Jackson, Miss., for example, who file stories from their capitals for multiple stations across their states. "That's not something that a network or CNN or an AP partner is able to do to the level we think we should do," said Raycom's Schuler.

New technologies have made sharing content among stations faster and easier. NBC and Nexstar stations, among others, use a third-party provider to transfer high-definition video in a fraction of the time it would take to send via FTP, or file transfer protocol, which is used to transfer files between computers on a network.<sup>62</sup> Producers can watch a real-time preview of a story before deciding whether to download it. "We can shoot something, post it, download it and get it on the air within 15 minutes," said Walsh.

Mobile newsgathering technology has enabled stations to share news as it happens with other stations in their group for a fraction of what it used to cost. Cellular connections can either supplement or replace expensive satellite and microwave trucks.<sup>63</sup> For example, local reporters from the Raycom station in Birmingham, Ala., were able to go live during a bomb scare at the airport using a smartphone app. Their coverage was made available live to all Raycom stations through a shared server. "Never had to power up a live truck, never had to buy a satellite shot," said Schuler.

Station groups also share digital content for use on the web or mobile sites. "In a digital world, if a story is getting a lot of attention on one of our websites it's pretty easy and very smart for another

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<sup>61</sup> Interview with author Deborah Potter. Oct. 24, 2013.

<sup>62</sup> Perez, Sarah. "[Enterprise Video Transfer Startup Latakoo Signs Deal With NBC For Newsroom Integration.](#)" TechCrunch.com. July 13, 2012.

<sup>63</sup> Bhoolsuwan, Patranya. "[One-Man Band: Reporters Go at It Alone With Cellular-Based Electronic Newsgathering.](#)" DigitalTrends.com. July 29, 2013.

one of our stations to pick it up and put it on their website," said Media General's vice president of content, Donna Reed. "They'll get just as much traffic because a good story is a good story and the dateline is not all that important."<sup>64</sup> Raycom has a digital news desk at its headquarters in Birmingham, staffed by 16 journalists who provide national content 24/7 to all of the company's stations. "That lets stations take their digital resources and focus on local," said Schuler.<sup>65</sup>

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<sup>64</sup> Interview with author Deborah Potter. Oct. 29, 2013.

<sup>65</sup> Interview with author Deborah Potter. Nov. 4, 2013.

## Local News Services

A type of resource sharing that is more common in the largest markets involves local news service, or LNS, arrangements that sprang up when the economy nosedived in 2008. To cut expenses during the recession, network-affiliated but separately owned stations in about a dozen top 20 markets agreed to jointly operate helicopters to cover breaking news and in many cases they also set up a formal process for sharing video of events.<sup>66</sup>

Here, too, there are divergent views on the impact of LNS agreements on the quality of newscasts. Proponents say that the sharing frees up newsroom resources to do more enterprise and independent reporting. Critics say it can produce more homogenized, less differentiated newscasts among competitors.

The Fox Television Stations group was a spearhead of the LNS movement and remains involved in these arrangements, both in the air and on the ground. "I could never understand why someone would want to spend resources getting the same picture that someone else was getting," said Fox Television Stations CEO Jack Abernethy. "To me, the idea that you need to send four people to cover a press conference where the only difference between one station's view and the other is about two feet is crazy. It's allowed us to go out and do more independent reporting."<sup>67</sup>

Scripps has LNS agreements with Fox in three markets where they both own stations: Detroit, Phoenix and Tampa. The LNS operates independently, according to Lana Durban Scott, director of news strategy for Scripps. Each participating station assigns an editorial staffer and photojournalists to the LNS. Stations make daily requests for LNS coverage of events everybody would be at, like news conferences or court hearings. "The [local news services] get the nuts and bolts so we can send another crew to do a side story to differentiate us," Scott said. "It fits our strategy of having more feet on the street."

As an example, Scott cited a story about a break-in at a gun shop in Phoenix. While the LNS shot video of a local ATF agent making a statement about the crime, the Scripps station shot its own interview with the gun shop owner and used both interviews in its report.<sup>68</sup> Critics feared that cost savings would lead to staff cuts at stations participating in LNS agreements. Scott says no positions were eliminated at Scripps stations.

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<sup>66</sup> Marszalek, Diana. "[News Sharing: Fox Holds Firm, NBC Rethinks.](#)" TVNewsCheck. Oct. 2, 2012.

<sup>67</sup> Jessell, Harry. "[Chasing the Next Big Thing in Local TV News.](#)" TVNewsCheck. Oct. 8, 2013.

<sup>68</sup> Stocks, Deborah. "[\\$6,000 Reward Offered for Leads Into North Phoenix Gun Shop Theft.](#)" ABC15.com. Oct. 10, 2013.

NBC was an early partner in LNS arrangements, but by the end of 2013 it had dropped out of all but one. "The one reason that [the NBC stations] got into it was because their news resources had been cut so much (by former owner GE), so as we increased their news resources then their needs changed," said NBC's Valari Staab. "I just feel that you're conceding your competitive position by sharing a lot with other local newsrooms." <sup>69</sup>

Media General's Reed says sharing gives her competitors an economic advantage that she sometimes wishes she had. "If I had a choice between sharing an asset like a helicopter or not having it, I would share it," she said. "If that translates into saving money on one end so I could hire another reporter, sure."

On the other hand, Reed said, stations that don't share with others in the same market may be able to provide more distinctive coverage. "If you're really focused on original reporting and they're sharing everything," she said, "how original is that? If we're the only ones in the market that aren't in that arrangement and we are unique and differentiated, then it's to our advantage."

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<sup>69</sup> Interview with author Deborah Potter. Nov. 6, 2013.

## Sharing With Other Media

Local TV stations aren't just sharing content with other television outlets these days. Of the 78% of stations providing local news to other media, more than a third say they provide content to a local radio station, and a quarter say they have cooperative newsgathering or coverage agreements with a local newspaper, according to the annual Radio Television Digital News Association survey. In many, if not most of these cases, the television station shares weather forecasts or online video in exchange for promotional value and access to the other medium's content. The number of cross-media partnerships has held steady for several years and there is no indication that any major expansion is on the horizon. The number of stations that were not involved in a cooperative venture and were planning or discussing one has declined for the past three years, from almost 29% to just 16%.<sup>70</sup>

A typical partnership is the one The Baltimore Sun, owned by Tribune, has had with CBS-owned WJZ since 2008. The newspaper features forecasts from the TV station in print and uses video from the TV station on its website. The station gets advance access to The Sun's top stories and promotes them on its newscasts.<sup>71</sup>

A few collaborations are considerably broader and deeper, like an arrangement that The New Orleans Times-Picayune made with WVUE, the Fox affiliate, in 2013. The TV station provides

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### Washington D.C. All-News Radio Station WTOP Features Forecasts from WJLA



Note: In Washington, D.C., All-News Radio Station WTOP (103.5), Owned by Hubbard, Features Forecasts from WJLA, (ABC7), Owned by Allbritton.

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### Lee Zurik Investigation: Meet the Gatekeepers of State Politics

Updated: Nov 05, 2013 11:15 PM EST

Written by: Lee Zurik, Chief Investigative Reporter - email

Contributor: Manuel Torres, Enterprise Editor, NOLA.com/The Times-Picayune - email

Contributor: Tom Wright, Investigative Producer - email



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<sup>70</sup> Papper, Bob. "[Newsroom Technology, Partnerships Stabilize.](#)" RTDNA.org. June 4, 2013.

<sup>71</sup> "[WJZ-TV and The Baltimore Sun Form Cross-Promotional Content Partnership.](#)" CityBizList Baltimore. Sept. 23, 2008.

weather and video to the newspaper, print reporters appear on television and the two outlets' investigative journalists collaborate on in-depth reporting projects.<sup>72</sup> During the November 2013 television ratings period, for example, the two outlets reported on the results of "hundreds of research hours crunching campaign data" to reveal the biggest donors to Louisiana candidates and their impact on elections.<sup>73</sup>

Another New Orleans station, Gannett's WWL, made a similar agreement to conduct joint investigations with The Baton Rouge Advocate,<sup>74</sup> which moved into New Orleans in 2012 to more directly challenge the Times-Picayune. Both moves came after The Times-Picayune cut its print publication to three days a week and laid off staff.

NBC-owned local stations in six markets have formal partnerships with nonprofit news organizations, an arrangement Comcast agreed to in order to win government approval of its purchase of NBC in 2009. The partnerships range from story development and production to promotional assistance; most involve in-depth or investigative reporting. NBC provides some financial support to its nonprofit partners, although the company will not say how much.

- WNBC in New York collaborates with the New York-based national nonprofit ProPublica on investigative reports.
- WMAQ in Chicago works with The Chicago Reporter, a magazine focused on covering race and poverty, to produce TV stories.
- WCAU in Philadelphia and public broadcaster WHYY share content online and link to each other's websites.
- KNBC in Los Angeles collaborates with public radio station KPCC on breaking news and election coverage.
- WTVJ in Miami develops stories and shares content with the Florida Center for Investigative Reporting.

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### NBC's Chicago Station Conducts Joint Investigations With The Chicago Reporter



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<sup>72</sup> ["The Times-Picayune in Newsgathering Partnership with Fox 8/WVUE."](#) The Times-Picayune. June 25, 2013.

<sup>73</sup> Zurik, Lee. ["Meet the Gatekeepers of State Politics."](#) Fox8live.com. Nov. 21, 2013.

<sup>74</sup> ["WWL in Partnership With The Advocate."](#) TVNewsLab. June 26, 2013.

- San Diego station KNSD and Voice of San Diego produce a weekly feature on local issues and share reporting resources.<sup>75</sup>

These partnerships have produced enterprise stories on a range of topics not often covered by local television news. In a joint investigation with The Chicago Reporter, WMAQ looked at the high volume of criminal cases dismissed by the Cook County Circuit Court.<sup>76</sup> WTVJ in Miami reported the results of a Florida Center for Investigative Reporting project on banks failing to protect consumers from ATM crime.<sup>77</sup> And WNBC in New York collaborated with ProPublica on an investigation of wage violations by temp agencies.<sup>78</sup>

Voice of San Diego CEO Scott Lewis says his nonprofit's partnership with the local NBC station is a win-win, allowing his news organization to reach a wider audience and "positively impacting the quality of [KNSD's] product while also performing a public service."<sup>79</sup>

Public broadcasting stations also have partnered with local nonprofits, in some cases creating news operations they never had before. Rocky Mountain PBS, in Colorado, for example, now gets news from the nonprofit investigative journalism outlet I-News. In San Diego, the public television station invited a nonprofit investigative outlet to move into its newsroom to work jointly on enterprise coverage.<sup>80</sup> A similar arrangement went into effect last fall in Boston, when the New England Center for Investigative Reporting moved its professional newsroom to public TV station WGBH. The New England Center also has a partnership with four commercial stations in the region owned by Hearst that air stories produced by the nonprofit center.<sup>81</sup>

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<sup>75</sup> [Transaction Compliance Report](#). NBCUniversal. July 29, 2013.

<sup>76</sup> Coffey, Chris. "[Cook County Spends Millions on Cases That Go Nowhere](#)." NBCChicago.com. Nov. 9, 2013.

<sup>77</sup> Shepard, Willard. "[Some Banks Not Following Rules to Keep You Safe at ATMs](#)." NBCMiami.com. Nov. 20, 2013.

<sup>78</sup> Glorioso, Chris. "[Temp Agencies Stiff Employees, Face Fines](#)." NBCNewYork.com. July 22, 2013.

<sup>79</sup> Lewis, Scott. "[The Making of a Successful Broadcast Partnership](#)." Investigative News Network. Jan. 3, 2011.

<sup>80</sup> Schaffer, Jan. "[Public Media Join Nonprofit Startups to Collaborate, Fill Local News Gap](#)." MediaShift. July 11, 2013.

<sup>81</sup> "New England Center for [Investigative](#) Reporting, WGBH Partner to Support Investigative and Enterprise Journalism." NECIR-BU.org. Sept. 11, 2013. Additional partners are listed [here](#).

## Regulation

The FCC has been reviewing its rules on television station ownership for almost four years but still has not completed its work. During this time, opponents of consolidation have repeatedly appealed to the federal government to stem the tide of consolidation. In 2013, Free Press, Rainbow PUSH Coalition and the American Cable Association separately petitioned the FCC to restrict or deny multiple deals without success. Cable and satellite companies contended that letting broadcast groups acquire more stations would give them an unfair advantage in negotiating retransmission fees. The media watchdog group Free Press argued that allowing buyers to spin off stations to “side-car” companies made a mockery of federal ownership rules. But the FCC questioned only part of one major transaction, the Sinclair purchase of Allbritton, noting that three of the stations being acquired would have been managed under a type of joint operating agreement that is no longer legal. Observers expect those sales to be restructured as shared services agreements to meet current rules.<sup>82</sup>

The U.S. Department of Justice, which reviewed several major purchases for possible antitrust violations, also found fault with only one aspect of one sale. Gannett, which already owns a network affiliate in St. Louis, was required to sell the Belo station it acquired in that market to an independent third party. The Department of Justice ruled that Gannett's original plan to operate the station on behalf of another owner would have given the company too much power to demand higher local advertising rates.<sup>83</sup>

The regulatory climate is changing rapidly, however. New FCC chairman Tom Wheeler, who took office late in 2013, has signaled that current and future deals may face more scrutiny from the commission. One of his first acts was to withdraw a pending proposal to relax the ownership rules that had languished for months. “We're going to do things differently going forward” on joint services agreements, Wheeler said.<sup>84</sup>

The Justice Department also is taking a harder line on shared operations. “Such arrangements often confer influence or control of one broadcast competitor over another,” the department's antitrust division said in an FCC filing. The commission is expected to vote soon on a proposal that would treat some joint sales agreements as the equivalent of ownership. That could unravel some existing agreements, because a single owner is currently [prohibited from reaching more than 39% of U.S. households](#).

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<sup>82</sup> Halonen, Doug. “[FCC Targets Sinclair Sidecar Deals in 3 Mkts.](#)” TVNewsCheck. Dec. 6, 2013.

<sup>83</sup> Brown, Lisa. “[Justice Department Requires Sale of KMOV.](#)” St. Louis Post-Dispatch. Dec. 16, 2013.

<sup>84</sup> Eggerton, John. “[Wheeler: FCC Will Look 'Differently' at Sharing Arrangements.](#)” Broadcasting & Cable. Jan. 10, 2014.



Broadcasters, concerned that the FCC will tighten the rules, have stepped up lobbying efforts to preserve joint services arrangements. The National Association of Broadcasters issued a statement saying the Justice Department's position could "kill jobs and damage the economics of local broadcasting."<sup>85</sup>

One controversial proposal the FCC considered but took no action on in 2013 would also have changed the way ownership limits are calculated. A policy that dates back to the days of analog television allows owners to count a UHF station (on channels 14 and above) as reaching half the audience of a VHF station in the same market, because UHF signals were typically weaker. The so-called UHF discount lets broadcasters expand their holdings without running afoul of the 39% limit.

The transition to digital broadcasting and the fact that most consumers no longer watch television over the air<sup>86</sup> made a change inevitable, said Mignon Clyburn when she was the acting chairwoman of the FCC. "The technical justification for the UHF discount no longer appears valid," she said.<sup>87</sup>

The proposed revision would likely have grandfathered companies like Univision, whose reach would exceed the national limit once the UHF discount was eliminated, as well as broadcasters like Tribune with pending acquisitions that would push them over the limit.<sup>88</sup> But the change would have constrained several big broadcasters from growing any larger through the purchase of additional stations. Sinclair, for example, would reach 38.2% of the country without the UHF discount, compared to 21.9% percent under the current system. Fox and CBS would also be close to the limit if the discount goes away.<sup>89</sup>

Former FCC commissioner Michael Copps called the UHF discount proposal "a wonderful signal" that the government may finally be prepared to tighten the broadcast ownership rules. "I have never been one to pin the blame for where we are solely on the media companies," he said. "Government's been asleep at the switch."

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<sup>85</sup> Halonen, Doug. "Justice Supports FCC Crackdown on JSAs." TVNewsCheck. Feb. 21, 2014.

<sup>86</sup> A 2013 study by market research firm GfK found that 19.3 percent of US households get their television over the air. See: Roettgers, Janko. "[Cord Cutters Alert: 60 million Americans Now Use an Antenna to Watch Free TV](#)," Gigaom.com. June 21, 2013.

<sup>87</sup> Halonen, Doug. "[FCC Proposes Elimination Of UHF Discount](#)." TVNewscheck. Sept. 26, 2013.

<sup>88</sup> Halonen, Doug. "[Big Owners Worried over UHF Discount](#)." TVNewsCheck. Aug. 21, 2013.

<sup>89</sup> Halonen, Doug. "[FCC Proposes Elimination Of UHF Discount](#)." TVNewscheck. Sept. 26, 2013.

An FCC official said the commission would "move expeditiously" to finish its review of the ownership rules, but there was no clear indication of which way a decision might go.<sup>90</sup> And whatever the FCC does, it is likely to face a legal challenge. Efforts to relax ownership limits over the past decade have been repeatedly blocked in court.<sup>91</sup>

For news consumers, the key issue is what the FCC is going to allow in the interim. "We've seen relatively small markets where we've seen many of the independent voices disappearing and the FCC appears to say, no problem," said Bob Papper. "The implications are that absent an FCC that appears to care, we're going to keep losing originating newsrooms. We're not going to see stations dropping news but... I think we're definitely going to see more consolidated newsrooms."

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<sup>90</sup> Nagesh, Gautham. "[FCC Withdraws Proposal to Relax Media-Ownership Rules.](#)" Wall Street Journal. Dec. 16, 2013.

<sup>91</sup> Schatz, Amy and Brent Kendall. "[High Court Rejects Challenges to Media Rules.](#)" Wall Street Journal. June 29, 2012.