

**Media Bureau Presentation to Commissioners
January 2021 Open Meeting
Michele Carey, Chief**

1. Pie Chart of Broadcast Licenses

Good afternoon Mr. Chairman and Commissioners – Thank you for the opportunity to highlight the work of the Media Bureau over the last four years. In addition to rulemakings, our Bureau also handles many types of adjudications and processes thousands of applications for the 33,000 broadcast licenses that we oversee.

2. ATSC 3.0

First, taking a look at television, administering the post-incentive auction television repack and 2.5 billion-dollar reimbursement program has been a huge priority for us during the past few years. The Incentive Auction Task Force will discuss this in more detail later. Still, as broadcast television underwent this transition, one of the first actions we undertook was to position TV stations for the future by enabling them to use the Next-Generation Television standard, also known as ATSC 3.0, on a voluntary, market-driven basis. The technology is the world's first Internet-Protocol-based television standard, providing stations the ability to deliver many new features and better serve their viewers. Stations in 23 markets are already broadcasting in ATSC 3.0, and retailers are carrying 20 television models with built-in tuners capable of receiving ATSC 3.0 signals.

3. Radio

The Bureau also worked hard to support the pioneers of electronic mass communications - radio stations. Commercial radio just celebrated its 100th anniversary last November. For the FM Band, we updated our rules to improve comparative selection procedures for new noncommercial educational and low power FM, or LPFM, stations in order to reduce confusion among future applicants and accelerate the initiation of new service to the public. We modernized the LPFM technical rules to provide these stations additional technical flexibility. And we streamlined FM Translator Interference Rules to expedite the translator complaint resolution process.

On the AM side, we sought to preserve the AM radio service for future listeners through the AM revitalization initiative. In this regard, the Bureau has authorized over 2,800 AM stations to build cross-service FM translators. More than 1750 of these stations have been constructed and are currently on the air. We also updated our AM technical rules to simplify compliance and reduce unnecessary regulatory burdens. And most significantly, we authorized AM stations to voluntarily end analog broadcasts and adopt all-digital broadcasting. This will allow AM stations to offer listeners higher quality audio and new ancillary data services.

4. Media Modernization

Of course, given that the Media Bureau regulates century-old services, one of our challenges was to ensure that our rules continue to achieve their intended results in the current digital age. That is why in 2017 the Commission initiated a review of the rules applicable to media outlets. All in all, we ended up commending 22 proceedings, which resulted in 26 orders that eliminated or updated a number of obsolete, burdensome, or outmoded rules. For example, to better reflect the competitive video marketplace, we revamped TV stations' children's programming requirements and eased cable operators' leased access obligations. We also eliminated a variety of ancient, and now unnecessary, recordkeeping requirements. Because of these efforts, broadcasters, cable and direct broadcast satellite operators all will save costs, time and paper in complying with their FCC obligations.

5. Leveling the Playing Field

Speaking of rule updates, we took action to level the regulatory playing field. Specifically, one of our most notable accomplishments was clarifying the regime established in the Cable Act for how franchising authorities may regulate cable operators. Consistent with the terms of the statute, our new rules sought to promote broadband investment and deployment by prohibiting excessive franchise fees and preventing state and local governments from regulating most non-cable services, including broadband Internet access service offered over a cable system. These revised rules responded to a remand by the U.S. Court of Appeals for the Sixth Circuit.

Likewise, we took into account the changing nature of the video market by interpreting Section 623 of the Cable Act to recognize that streaming video services can provide effective competition to traditional cable services. This Order was recently affirmed by the First Circuit.

6. Media Ownership

We continued our efforts to ensure that our rules reflected the fast-changing media landscape through a significant update of the Commission's media ownership rules. Among other things, we eliminated the newspaper-broadcast cross-ownership ban, a rule in place since 1975. And we reformed the local television ownership rule by eliminating the "eight-voices" test. These changes were designed to permit pro-competitive combinations that promise to strengthen local voices and also enable both newspapers and broadcast stations to better serve their communities.

Importantly, we also sought to promote diversity in media by creating the innovative broadcaster incubator program to pair small, aspiring radio station owners with established broadcasters that would help with training, finances, mentoring, and industry connections.

While our efforts to match our media ownership rules to reflect marketplace realities were rejected 2-1 by the same divided Third Circuit panel that has blocked the FCC's efforts to modernize its media ownership rules for almost 20 years, in a historic turn, the Supreme Court granted the Commission's petition for a writ of certiorari to review the Third Circuit's misguided decision and is holding oral arguments next Tuesday.

7. Diversity

Although this court battle has created a degree of uncertainty over our media ownership initiatives, that did not stop the Federal Advisory Committee on Diversity and Digital Empowerment from an active agenda. Re-chartered by Chairman Pai in 2017, and again in 2019, the ACDDE provides advice and recommendations to the Commission on how to empower disadvantaged communities and accelerate the entry of small businesses, including those owned by women and minorities into the media.

The full committee has been extremely productive – they have met seven times, released two reports (including an in-depth assessment of diversity and inclusion efforts of tech firms and a report on universal digital access), and jointly hosted with the FCC five symposia and workshops on broadband adoption and literacy, access to capital, broadcast media ownership, and tech supplier diversity.

8. Media Transactions

Another active area of Bureau work has been its review of proposed media transactions. Over the last 4 years, the Bureau reviewed over 15,000 applications to assign or transfer broadcast licenses. We carefully scrutinize each transaction to ensure that it complies with our rules and satisfies public interest. Transactions involving foreign investment additionally require an evaluation of national security, law enforcement, and trade policy considerations.

Many of the nation's largest broadcast groups presented transactions to the Bureau, including iHeart Media, Cumulus Radio, Raycom Media, Tribune and Gray Television. Consistent with a recent trend in the media industry, often these major transactions sought ownership approval for non-traditional U.S. media participants, such as private equity firms and foreign entities. Although these groups provide broadcasters with new sources of capital, such transactions often involve financing and ownership structures that requires proficiency at reviewing complicated business arrangements. Our careful review of these transactions—which relies on advice from expert agencies in the Executive Branch—ensure that these transactions will result in stronger broadcasters that are better able to compete in today's market.

9. Enforcement

While we were able to modernize regulations where appropriate, we remained vigilant to ensure compliance with the rules on the books. There were several situations over the last four years which required us to take significant enforcement actions, including entering into a Consent Decree imposing a \$48 million penalty — the Commission's largest civil penalty ever issued to a broadcaster. We also entered into Consent Decrees with over with 100 station owners covering over 2000 stations requiring compliance plans to ensure adherence to the political file rules. And, for the first time ever, we issued a Notice of Apparent Liability for violation of the Retransmission Consent Good Faith Negotiation Rules. In this NAL, we proposed the maximum statutory forfeitures against eight broadcaster TV station groups.

10. Workload

To close, I want to thank the extremely talented and dedicated staff of the Media Bureau. As this slide highlights, on top of the many noteworthy items they produced over the last four years is a tremendous volume of work completed on a daily basis. It has been an honor to work with such a great team over so many important and interesting issues.

11. **Thank You**

And finally, thank you Chairman Pai for your leadership these past 4 years. The Bureau could not have accomplished so much without your support and guidance. We wish you success wherever you go.

Good luck, and farewell!

Next, Jean Kidoo, from the Incentive Auction Task Force will present more detail on the critical role that the Media Bureau has played in the success of the television post-incentive repack and reimbursement program.