"Big Media, Little Kids: Consolidation & Children's Television Programming," a Report by Children Now submitted in the FCC's Media Ownership Proceeding

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Introduction

In a memorandum dated August 24, 2007, Jonathan Levy, Deputy Chief Economist of the Federal Communications Commission (FCC), asked me to perform a peer review[2] of "Big Media, Little Kids: Media Consolidation & Children's Television Programming," a report by Children Now[3] that was submitted in the FCC's Media Ownership Proceeding.[4] According to the memorandum, the Office of Management and Budget requires that influential scientific information on which a federal agency relies in a rulemaking proceeding be subject to peer review. That review should evaluate and comment on the theoretical and empirical merit of the information in the report, but not provide advice on policy or evaluate the policy implications of the report. In particular, the reviewer should consider, among other things: (1) whether the methodology and assumptions employed are reasonable and technically correct; (2) whether the methodology and assumptions are consistent with accepted economic theory and econometric practices; (3) whether the data used are reasonable and of sufficient quality for purposes of the analysis; and (4) whether the conclusions, if any, follow from the analysis.

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[1] The opinions expressed in this peer review are those of the author and not of the Congressional Research Service or the Library of Congress.

[2] See memorandum from Jonathan Levy to Chuck Goldfarb, dated August 24, 2007, attached to this peer review.

[3] "Big Media, Little Kids: Media Consolidation & Children's Television Programming," a report by Children Now (hereinafter, "Children Now Report" or "report"), May 21, 2003.

[4] *In the Matter of 2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; 2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets,* MB Docket Nos. 06-121 and 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244, Further Notice of Proposed Rule Making, adopted June 21, 2006, released July 24, 2006.

The Children Now Report's Findings and Conclusions

The Children Now Report, which is dated May 21, 2003, was prepared when the FCC was first considering modification of its media ownership rules in the spring of 2003.[5] The Report compares the children's programming schedules for the "seven major commercial broadcast television stations" in Los Angeles for the weeks of February 14-20, 1998 and February 15-21, 2003. Its statistical analysis is limited to comparing a snap shot picture of the levels of four measures of children's programming in 1998 to those in 2003 and performing a "chi-square test" to determine whether the changes were statistically significant.

In 1998 each of the seven stations had a different owner; two of those owners were News Corp and Viacom. In 2001 News Corp purchased one of the other seven stations and in 2002 Viacom purchased another of the seven stations, so that by 2003 the seven stations were owned by a total of five entities, with News Corp and Viacom each owning two stations in the local market. Thus in 2003 each of those owners had what is sometimes referred to as "duopoly"[6] ownership position in Los Angeles.[7]

The data showed a decrease in the number of children's series broadcast, in the total hours of children's programming, and in the specific hours in the broadcast week when children's programming was available, and an increase in the frequency in which a particular children's program was shown first on a broadcast station and then on a cable network (a practice that is referred to as "repurposing"). Most of these changes occurred on the stations that had changed from an independent to duopoly ownership structure. Specifically, the comparison of the programming data for the seven broadcast television stations for the third week of February in 1998 to the programming data for the third week of February 2003 showed:

- the number of children's series broadcast decreased by 47%, from 88 to 47 different shows per week, and most of that decrease (38 of the 41 shows) was in the children's programming of the stations that are part of the newly created duopolies.

- the number of hours each week devoted to children's programming decreased by more than 50%, from 97.5 hours to 48 hours, and most of that decrease (43.5 hours) was in the children's programming of the stations that are part of the newly created duopolies.

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[5] See Children Now Report at p. 9.

[6] In common economic terminology, "duopoly" refers to a market in which there are only two producers. But in the context of the FCC local television ownership rules, the term "duopoly" refers to a situation in which a single company owns two television stations in a single market.

[7] Moreover, the Children Now Report, at p. 3, footnote 4, states: "Although there are five station owners in Los Angeles in 2003, there are actually only four companies that provide programming to the market, since the UPN network is owned by Viacom and the UPN affiliate in Los Angeles, KCOP, gets much of its programming from the UPN network." Thus, in 2003 Viacom owned two stations in Los Angeles and also owned the broadcast network that provided programming to a third station in that market.

- the number of hours of availability of children's programming per week (that is, taking into account that some children's programs are broadcast on the same day and in the same time slot each week to identify the number of unique hours each week that children's programs can be found on the air) decreased by 31%, from 47 unique viewing hours to 32.5 viewing hours per week. Children lost 3 hours of viewing time on Saturdays, 4 hours on Sundays, and 7.5 hours on weekdays.

- the number of stations broadcasting children's programming at any given hour decreased as well, reducing the diversity of age-appropriate program choices available to children.

- 43% of children's programs were repurposed in 2003 vs. 11% in 1998.[8] Specifically, 100% of KCBS's children's programming was also shown on Nickelodeon; 78% of KABC's children's programming was also shown on one or more of the cable channels owned by the Walt Disney Company; 58% of the children's series broadcast on KTLA, a WB affiliate, were also shown on AOL-Time Warner's Cartoon Network; and 100% of KNBC's children's programming was also shown on Discovery Kids digital cable channel, though that was not counted as repurposing because of the limited availability of digital cable.

Based on this data comparison, the Children Now Report concludes:

- "The results of this study are clear: Large media conglomerates are not acting in the best interests of children."

- "Overall, the results of this study leave little doubt that media consolidation diminishes the availability and diversity of children's television programming."

- "This study demonstrates that, after being purchased by large media conglomerates, some independent stations that once served the child audience with a large and diverse array of children's programs, instead offer a minimum of children's programming. Further consolidation may lead to a future where stations broadcast only the minimum requirement of three hours of children's educational programming per week, networks own all of their children's programming, source diversity is virtually nonexistent and companies repurpose their children's programming across all their jointly-owned stations."

- "This research provides compelling evidence that the concentration of large media conglomerates in one market can have a negative impact on the availability and diversity of children's programming."

Review of the Report

The empirical findings presented in the Children Now Report are very stark. The amount of children's programming aired by the seven major commercial broadcast stations in Los Angeles was substantially lower in the third week of February 2003 than in the third week of February 1998, and

[8] However, since the quantity of children's programming fell by approximately half during this period, this appears to represent a doubling, not a quadrupling, of the number of programs repurposed.

most of the decline was in the programming of stations that formed a duopoly during that time period. Based on this information, the Children Now Report reaches very strong general conclusions.

But the methodology, analysis, and – most significantly – data sample used are not substantial enough to support such strong conclusions. The methodological problem is that by using a simple chi-square analysis of differences, rather than employing regression analysis to take into account the effects of other variables, the results may overstate the effects of duopoly ownership on children's programming. For example, each of the duopolies in Los Angeles is owned by a large media conglomerate that also owns one or more national broadcast networks whose programming is aired by at least one of the duopoly stations. Only a small proportion of a national network's affiliate stations are owned and operated by the national network and even a smaller proportion are both owned and operated by the national network and part of a duopoly in the local market. Thus, the programming decisions made by the national network are unlikely to be affected very much by the acquisition of a duopoly position in a particular local market. Thus, if the national network were to make the decision to change its programming mix, and reduce the amount of children's programming aired, that is unlikely to reflect the duopoly position in a particular local market. Using regression analysis, the impact on a station's children's programming of being affiliated with a national broadcast network can be distinguished from the impact of becoming part of a duopoly. But using chi-square analysis, the effect of the national network's programming decision will appear to be the effect of the duopoly creation. In other words, the chi-square test sheds very little light on causality, though more complete statistical analysis might.

There are a number of potential problems with the choice of data points used in the Children Now Report. In particular:

- Why, and how, was the sample limited to seven major commercial television stations in Los Angeles when, according to *Television & Cable Factbook 2004*,[9] in 2003 there were 17 full power commercial stations whose signals fully covered Los Angeles and five additional stations whose signals covered some portion of Los Angeles? What would the data show if all 17 stations were included in the analysis?

- In particular, given the large Spanish speaking population in Los Angeles, why were Spanish language stations excluded from the sample, especially in light of the fact that these stations include another duopoly relationship that was created during the 1998-2003 period[10] and therefore might provide additional information on the relationship between duopoly ownership and children's programming? Moreover, at least one of the Spanish language stations, KFTR-Ontario-Los Angeles, owned

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[9] Warren Communications News, *Television & Cable Factbook 2004*, at pp. A-173 - A-337.

[10] KVEA-Corona-Los Angeles is the flagship station of the Telemundo network, which is a Spanish language network. In 2001, Telemundo purchased KWHY-Los Angeles, which it then began to operate as an independent Spanish language station. Telemundo thus gained a duopoly position in the Los Angeles market. In 2002, NBC purchased both the Telemundo network and the Telemundo owned and operated stations, and thus gained a triopoly position in the Los Angeles Market. The Children Now Report partially acknowledges this: "There are actually three duopolies in Los Angeles, as General Electric [the parent of NBC] owns both KNBC and the local Telemundo station. Since Telemundo programs for a different audience than the stations in the study, and since it is not one of the primary commercial broadcast stations, it was not included in the study."

and operated by Univision, and perhaps several of the other Spanish language stations, may have children's audiences as large as some of the seven "major" stations used in the study. What would data show if these Spanish language stations were included in the analysis? For example, did creation of the Spanish language duopolies also result in less children's programming by the newly co-owned stations?

- Given the lengthy discussion in the report on repurposing and on media conglomerates, and the widespread recognition (confirmed in Media Ownership Study #3, "Television Station Ownership Structure and the Quantity and Quality of TV Programming," by Gregory S. Crawford, commissioned by the FCC) that cable networks tend to provide more children's programming than broadcast channels, why didn't the report include data on the amount of children's programming provided by the cable networks that are carried by the cable and satellite operators in Los Angeles? What would the data show if cable programming were included in the analysis? For example, have decreases in children's programming by the broadcast duopolists been counteracted by increases in children's programming by cable networks that shared corporate parentage with those broadcasters?

- Why and how were the two sample weeks chosen? When the researchers found such a substantial decrease in the amount of children's programming aired over three of the duopoly stations, was any effort taken to determine whether there was some anomalous situation that resulted in the broadcasting of more children's programming than usual in the third week of February 1998 or less children's programming than usual in the third week of February 2003? For example, did some news event preempt any normally scheduled programming in February 2003?

In addition, there are some methodological issues. The Report states, "All data were collected and coded by Christina Romano Glaubke, MA. To ensure reliability, at least 50% of all program information was coded by two other trained coders. The percent of agreement between coders was calculated. The variables of program, genre and repurposing included in this analysis received a level of agreement of at least 93%." What was done when there was disagreement? Were such data points dropped? If so, on what basis? If not, what value was used and on what basis?

The Report also states, "All data reported in this study are statistically significant at $p<.05$ level unless indicated otherwise." The Report indicates that the fall in children's programming by the duopoly stations was statistically significant, but that changes in children's programming by the other stations was not statistically significant. This is not particularly illuminating. When such a large change in value is found – as in the case of the dramatic decrease in children's programming by three duopoly stations – it is incumbent on the analyst to carefully review the data to see if there are other possible explanations for the change. For example, was there anything unique about the two weeks chosen for the study? Did limiting the sample to the seven major English language stations exclude relevant factors affecting their programming decisions – such as an increase in children's programming by cable networks or Spanish language broadcast stations? Were the changes due to national network programming decisions that were made without regard to the duopoly positions?

The drop in children's programming identified in the Children Now Report is so dramatic that it certainly provides motivation for one of the Report's recommendations – that the FCC commission further research to explore how media consolidation may affect the quality of children's programming. One useful way to proceed in that effort would be to expand the scope of the Children Now Report as discussed above.

It is possible that (1) employing regression analysis to identify and factor in variables such an affiliation with a national network, (2) analyzing a broader data set that includes all broadcast television stations and cable networks available to television households in Los Angeles, and (3) performing a check on whether there were any anomalies associated with either of the two chosen sample weeks, will confirm the results of the Children Now Report. But absent such further analysis, the Report's conclusions are not sufficiently substantiated.