

**REMARKS OF FCC CHAIRMAN AJIT PAI
AT MMTC's 9TH ANNUAL BROADBAND AND SOCIAL JUSTICE SUMMIT**

WASHINGTON, DC

FEBRUARY 6, 2018

Good morning. I hope everyone is highly caffeinated. I say that not because it's 8:00 in the morning. I say that because you're about to spend 90 minutes listening to a parade of current and former FCC Commissioners.

Kidding aside, thank you, Commissioner Tate, for that introduction. Thank you to MMTC and its leadership for welcoming me here today. Thanks in particular to Interim President and CEO Maurita Coley Flippin. I also need to acknowledge Julia Johnson, who is not only the Chair of MMTC's Board of Directors, but also the Chair of the FCC's Advisory Committee on Diversity and Digital Empowerment as well. As they say, *mi Chairman es su Chairman*.

I'm honored to be joined here today by my highly entertaining colleagues, Commissioners Carr and O'Rielly, and by Commissioner Clyburn, who I understand is joining us via video.

But most of all, it's an honor and a pleasure to be with you today. Yours is one of the most respected and thoughtful voices in our community. It's no accident that my very first meeting as FCC Chairman included MMTC and involved a discussion of strategies for expanding broadband access and promoting digital opportunity.

MMTC has been a key advocate for many of the policies we've enacted over the past year. When we proposed to eliminate the broadcast main studio rule, some opponents called this an attack on localism. But MMTC pointed out that the rule's prescribed staffing requirements effectively served as a barrier to market entry for minority broadcasters by putting significant financial burdens on these businesses. In the end, your argument carried the day, and we got rid of this archaic rule.

MMTC has also been a long-time proponent of creating a new class of FM radio stations, called C4. This reform could allow hundreds of Class A FM stations to broadcast with increased power. In particular, MMTC has noted that this "could help small and minority-owned stations gain access to capital and strengthen their foothold in the broadcasting arena." This idea has been sitting around for a while—long before I got into this position.

Well, I can now say that it's standing up. I'm pleased to announce that just yesterday afternoon, our Media Bureau circulated a Notice of Proposed Rulemaking that seeks public input on whether to amend our rules to create Class C4 FM radio stations. As this proceeding moves forward, you can be sure that we'll be looking to MMTC for your insight and expertise.

In addition to being a forceful advocate, MMTC has been a formal partner for some key initiatives at the Commission. I'm speaking in particular about our Advisory Committee on Diversity and Digital Empowerment and our Broadband Deployment Advisory Committee.

I wanted to spend some time this morning giving an update on the latest developments regarding these important ventures.

Let's start with the Diversity Committee.

When I last appeared before you, shortly after becoming Chairman, this Committee was dormant. It hadn't been active for years. I thought that should change. And so I decided to re-constitute it. At the time, I said that its chief mission would be to develop recommendations on how to empower disadvantaged communities and accelerate the entry of small businesses, including those owned by women and minorities, into media and other digital industries. The Committee would also be charged

with examining ways to ensure that disadvantaged communities can benefit from the opportunities made possible by next-generation networks.

That was the vision. How's the reality looking?

We kickstarted the new Diversity Committee last summer, and we were able to assemble an outstanding leadership team. As I mentioned earlier, the Committee's fearless leader is MMTC Board Chair, Julia Johnson. With Julia at the helm is Vice-Chair Diane Sutter, President and CEO of ShootingStar Broadcasting.

Beyond that, we've assembled an all-star team of professionals with an extraordinary depth of industry knowledge who are serving as Chairs of three working groups: former Commissioner Henry Rivera, now of the Emma Bowen Foundation; Heather Gate of Connected Nation; and Marc Morial of the National Urban League.

Rounding out the Committee, we have representatives of public interest groups, civil rights organizations, trade associations, and the communications industry. We are deeply indebted to these experts for volunteering their valuable time and for their commitment to public service.

That's the team. So what are they working on?

A lot! They're gathering and developing data. They're examining industry trends and practices. And they're considering both industry-based solutions and targeted regulatory or legislative solutions to respond to the challenges identified by the Committee.

We've organized these efforts around three working groups:

The first is the **Digital Empowerment and Inclusion** working group, led by Heather Gate. It's tasked with identifying new ways to expand access to emerging technologies in underserved and under-connected communities. This group will also recommend methods to ensure that disadvantaged communities aren't denied the benefits of the digital revolution, including educational, economic, health care, and civic participation opportunities. This working group may also offer recommendations on how to encourage supplier diversity for small, women- and minority-owned businesses.

The second working group focuses on **Diversity in the Tech Sector**, and is led by Marc Morial. This group is studying the underemployment and lack of promotion opportunities for women and minorities in the tech sector—a serious problem, particularly at the best-known tech companies. It's looking at ways businesses can address these issues, and to that end is working to identify best practices of industry leaders with respect to diversity in the tech field.

Finally, we've tasked the **Broadcast Diversity and Development** working group, led by Henry Rivera, with finding ways to encourage diverse voices (including minorities and women) in the broadcast business. Among the proposals it's studying is an incubator program. This working group is also charged with studying how to promote diversity in ownership and management, as well as in broadcast-related procurement suppliers.

I'd like to take a moment to discuss the broadcast incubator program in greater detail. It goes back a long way for me; it's been a personal priority since my unsuccessful push for this program in 2014. And I know that MMTC has been fighting for an incubator program far longer than that in order to boost station ownership for small businesses, including those owned by minorities and women.

The concept is simple. An incubator program would provide an ownership rule waiver or similar benefit to a company that helps facilitate station ownership for a qualifying entity. For example, in exchange for a defined benefit, an established company could assist a new owner by providing management or technical assistance, loan guarantees, direct financial assistance, training, or business planning assistance.

Even though there's been general support for this, the idea had stalled. Past Commissions failed to take action. That is, until now. Last fall, the FCC finally committed to adopt an incubator program to promote new entry and ownership diversity.

But we recognized that before the program can begin, there are many issues that need to be addressed. So we issued a Notice of Proposed Rulemaking seeking input on how to design and implement the program. We want to develop a record on how best to structure and administer an incubator program to support the entry of new and diverse voices into the broadcast industry. The Notice asked very detailed questions on things like the eligibility criteria for the incubated entity; appropriate incubating activities; benefits to the incubating entity; how such a program would be reviewed, monitored, and enforced; and the costs and benefits of such a program.

Our goal is to develop an incubator program that will help address barriers to station ownership, such as lack of access to capital and the need for technical experience—and for these solutions to increase broadcast ownership diversity.

I have specifically asked the Advisory Committee to assist us in developing the overall structure and method for implementing the program, and I look forward to the committee's recommendations.

As I said in November when we adopted the Notice, there was a lot of talk during previous Administrations about trying to take action to promote ownership diversity—but there was little to nothing done about it.

No longer. To borrow from Yoda in *The Empire Strikes Back*, “Try not. Do, or do not. There is no try.” Much wisdom in that statement there is. And so I am determined that the FCC on my watch will take concrete steps to create a more diverse communications industry. Our work towards establishing an incubator program is a big step forward in this regard. I encourage your participation as we do this work.

That said, I am pleased to announce that we will take the next steps toward this goal on March 27th, when the Diversity Committee plans to hold its next meeting. More information on its agenda will follow. And I hope many of you will attend that meeting and support the work of this important advisory committee.

On a different but related note, there is another issue I'd like to touch on. A number of years ago, the FCC looked into a repugnant practice in which certain advertisers would exclude minority-focused media outlets from their ad campaigns through a so-called "No Urban/No Hispanic" dictate. For the FCC's part, former Commissioners Jonathan Adelstein and Robert McDowell led the charge. And the American Association of Advertising Agencies, known as the 4As, did too. In 2011, the 4As adopted an advertising non-discrimination policy framework and complaint review process for the media industry to follow. For a time, the policy seemed to work as intended.

Unfortunately, judging from the feedback of some media entities, it appears that the problem has arisen again. And so, once more, the 4As group is working to end discriminatory practices in the advertising industry. Later today, the 4As will be announcing a new policy, called Fair Play. It's issuing a charter to its members, asking media agencies and media departments within agencies to recommit to fair and equitable treatment of minority media owners. This updated policy aims once again to eliminate the problem of “No Hispanic,” “No Urban,” and “No Asian” dictates in the media industry. I want to put it on the record today that this initiative has my full support. It is my hope that this new policy will help even the playing field for all minority broadcasters. In my view, these dictates have no place in the American media marketplace.

With that, from media to telecom. I'd like to take a couple of minutes to discuss another group that has been very hard at work this past year, and which has benefited from MMTC's partnership. I'm referring to our Broadband Deployment Advisory Committee, or BDAC.

There is no area where the FCC and MMTC's missions are more closely aligned than our shared commitment to closing the digital divide. Every American who wants high-speed Internet access should be able to get it. To close the digital divide and make sure that consumers have more competitive choice for broadband, we'll need massive private investment. And the plain truth is that there are significant regulatory barriers to the expansion and improvement of our wired and wireless infrastructure. These barriers are the grit in the gears of deployment that the BDAC was created to address.

Like our Diversity Committee, the BDAC features multiple working groups. Also like the Diversity Committee, MMTC members serve in key leadership positions. Kim Keenan and Rikin Thakker have been the Vice-Chairs of our Removing State and Local Regulatory Barriers working group. Just weeks ago, this group submitted its findings and recommendations to the Commission.

The group identified six barriers that stifle network investment: regulatory ambiguity, discrimination, excessive fees, inflexibility, noncompliance with their own rules, and local requirements that are overly burdensome. More important, they've recommended ways to overcome these hurdles. For example, they propose creating "Broadband Ready" checklists to set expectations and expedite deployment projects. I don't have time to go through all the findings. But I will say that this report is a valuable contribution to our efforts to promote expanded availability of wired and wireless broadband.

* * *

Two hundred years ago this month, the great abolitionist and social reformer Frederick Douglass was born, a little more than an hour's drive from here on Maryland's Eastern Shore. His message was as piercing as his passion for justice was strong. His words and wisdom still resonate today.

Take, for instance, his famous statement that "[s]ome know the value of education by having it. I know its value by not having it." We can easily see an echo of this kind of opportunity gap in the digital age. Those who are on the wrong side of the digital divide are denied the full ability to educate their kids, get high-quality health care, start a business, become civically engaged, and otherwise better their lives.

I want to change that. That's why I'm so grateful to MMTC for your counsel on these and many other issues. Working together, I'm confident that we'll bridge the digital divide and empower millions of Americans to become participants in, rather than spectators of, the digital economy—improving their lives and lifting our nation.