

Overview of the FCC's New Incubator Program for Radio Broadcasters

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1:00 PM to 2:00 PM

Opening Remarks:

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Questions? Incubation@fcc.gov



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Agenda

- A Brief Description of the Incubator Program
- Who Can Be an Incubated Entity?
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- How Do You Apply?
- How Will the FCC Review Applications?
- How Will the FCC Monitor Compliance?
- Q&A
 - Submit your questions to Incubation@fcc.gov

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A Brief Description of the Incubator Program

- Provides new sources of capital and other support to entities that may otherwise lack access to financing or operational experience.
- Offers an incentive to encourage established broadcasters to invest the time, money, and resources needed to help a new or small broadcaster purchase a radio station that it could not buy on its own or make a struggling radio station financially viable.

Who Can Be An Incubated Entity?

- Small and aspiring station owners that lack access to the financing needed to purchase and operate a radio station.
- Small owners of struggling radio stations that need financing or other assistance to make the struggling station financially viable.

Who Can Be An Incubated Entity?

Eligibility Requirements

1. Must own no more than 3 full-service radio stations and no TV stations;
2. Must qualify as a “small business” under the SBA standard for the radio industry (currently, \$38.5 million or less in annual revenue); and
3. Must demonstrate that you met both of these requirements for the three years preceding the date you and your prospective incubating entity file your joint application.

Who Can Be An Incubating Entity?

Established broadcasters with the commitment, resources, and experience needed to help a new or small broadcaster purchase and independently operate a radio station that it could not otherwise own or operate.

Questions? Incubation@fcc.gov



How Do You Apply?

Two ways to apply:

1. If required to file FCC Form 314, 315, or 301, submit your incubation proposal with the required form.
2. Otherwise, submit your incubation proposal with a Petition for Declaratory Ruling in Incubator docket (MB Docket No. 17-289) in ECFS.

How Do You Apply?

Incubation proposal must contain —

1. Written Incubation Agreement
2. Certified Statement of Prospective Incubated Entity
3. Certified Statement of Prospective Incubating Entity
4. Request for Temporary Waiver of the Local Radio Ownership Rule (if proposal would cause incubating entity to exceed the ownership limits)

***Applicants may be required to submit additional information if needed to determine whether proposal is likely to promote the goals of the program.*

How Do You Apply?

1. Written incubation agreement must —
 - Discuss each party's obligations under the incubation relationship.
 - Require that incubated entity maintain control of the incubated station.
 - Incorporate certain safeguards to ensure that incubated entity retains independence.
 - Require that incubation relationship last for 3 years.
 - Give the incubated entity an option to buy out the incubating entity.
 - Discuss how parties will successfully complete the incubation relationship.

How Do You Apply?

2. Incubated entity's certified statement must —

- Confirm that the applicant meets the eligibility requirements.
- Explain why the applicant could not buy or successfully operate the station without the proposed incubation relationship.
- Discuss how the applicant's background, qualifications, and resources will enable it to complete incubation successfully.
- Confirm that incubated entity will comply with the written incubation agreement and retain control of the incubated station.
- Include the certifications and attribution disclosures required by FCC Form 301/314/315 (if incubation proposal is not filed with one of these forms).

How Do You Apply?

3. Incubating entity's certified statement must —

- Discuss how the applicant's background, qualifications, and resources will enable it to incubate a small, aspiring or struggling station owner successfully.
- Confirm that the applicant will comply with the written incubation agreement.
- Confirm that the incubated entity will retain control of the incubated station.
- Confirm that applicant will comply with the “one-per-market” requirement.
- Specify the market's size tier and the number of independent owners of full-service, commercial and noncommercial radio stations.

How Will the FCC Review Applications?

Media Bureau will review and approve or deny incubation proposals (including waiver requests under “good cause” standard).

- FCC Forms 301, 314, and 315 are subject to public notice, petitions to deny, and informal objections under FCC rules.
- Similarly, Petitions for Declaratory Ruling are subject to public notice and comment.

How Will the FCC Review Applications?

Key Factors:

1. Whether the prospective incubated entity truly lacks access to the financing and operational expertise needed to own and operate a full-service radio station.
2. Whether the incubation proposal provides the support the incubated entity needs to own and operate a full-service radio station independently; and
3. Whether the incubated entity will retain control of the incubated station during the incubation relationship.

How Will the FCC Monitor Compliance?

- Annual Reporting: Each year the incubating entity and the incubated entity must file a certified statement that —
 - Discusses their incubation activities during the past year and how those activities fulfill their obligations under the incubation agreement; and
 - Describes the incubated entity's progress towards independence.
 - In addition, the certified statement filed at the end of the relationship must state whether the incubated entity “graduated” successfully.

How Will the FCC Monitor Compliance?

- “Graduation” Plans: At least 6 months before incubation ends, the parties must tell the FCC whether the incubated entity plans to keep the incubated station or buy a new station.
- Extension Requests: If the parties need more time to complete incubation successfully, they can file an extension request.
 - Request must be filed at least 120 days before end of initial incubation period.
 - Incubation may be extended only for one additional period of up to 3 years.

How Will the FCC Monitor Compliance?

“Reward” Waivers: After successfully incubating a new or small broadcaster, the incubating entity will be eligible to receive a waiver of the Local Radio Ownership Rule.

- The waiver may be used to purchase an AM or FM station in the market where the incubation relationship occurred or a comparable market.
- The station application and waiver request must be filed within 3 years after the date the relationship ends.
- The waiver request must demonstrate that the incubation relationship was successful.

Q&A

Submit your questions to Incubation@fcc.gov

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We've created a new webpage for our incubator program!

<https://www.fcc.gov/broadcast-radio-incubator-program>