

FCC Hearing & Conference
Overcoming Barriers to Communications Financing
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The history of Roberts Broadcasting Company (RBC), founded in 1981, is illustrative of the drastic changes in minority ownership that have taken place over the past twenty-five years. In 1981, at least a dozen or more African American-owned television broadcasting companies existed. Today RBC is the only African American-owned broadcasting company in the US with more than one station, and we could be extinct without the intervention of the FCC.

During the last two decades, RBC has built and owned eleven TV stations mostly in Major Markets. This was a time during which an interest in financing of broadcasting properties for purposes of expansion and acquisition existed among banks and other lenders. However, over the last 18 months, those financing sources have disappeared.

Barriers to Entry, Growth, and Diverse Programming

- RBC is a successful and experienced broadcaster, yet banks will not provide favorable lending terms without other incentives. Therefore, a new minority owner has little opportunity to secure financing on reasonable terms. In addition, large broadcasters who once professed the importance of diversity in ownership have let their voices go silent-----no encouragement at all to ownership diversity.
- This problem is exacerbated by the requirement to convert to digital by 2009. In small markets, those over size 20, the cost of digital conversion is prohibitive. It will cost Roberts Broadcasting \$2.5 million to convert our station in Evansville, IN. This market is far too small to support such a large investment. The only alternative is to "go dark". Not a good result for Roberts Broadcasting, or for the FCC.
- In Saint Louis MO, Columbia SC and Jackson MS, Roberts Broadcasting seeks out programming that not only appeals to the African American market, but also

features African American actors and actresses in lead roles. These programs cost our stations millions of dollars, yet we continue to strive to provide quality programming that enhances the viewing experience of the African-American population.

- Media consolidation makes it challenging for minority and women owners to compete for quality programs. (Example: Sinclair recently did a group deal for a program that currently airs at WRBU. The distributor pulled the show from Ch. 46 in order that Sinclair get the deal they wanted to begin in fall 2010.) Quality of programs and ratings are connected. Better programs bring better ratings which lead to greater station revenue. It's a vicious cycle. Some advertisers won't even look at the station if certain minimum ratings aren't there

Recommendations

1. Tax Credits

History has demonstrated that reasonable financial incentives, particularly tax credits, can generate interest and investment in targeted industries. The Federal Historic Tax Credit program is an excellent example of how federal tax credits can support an entire industry and help re-build our urban areas. Developers use the federal tax credit program to secure financing from banks and banks sell the tax credits to investors. It's a win-win program for everyone – the developer, the banks, the investors, and the communities whose historic structures are renovated and re-join the tax rolls.

It's time for the FCC to consider implementation of a similar program for small and minority broadcasters in markets over size 20.

- A program that provides federal tax credits for the full cost of conversion and fifty percent of the cost of programming in such markets would give small and minority broadcasters the tools they need to capture the interest of banks and other lenders/investors; and assist broadcasters such as Roberts Broadcasting to continue their commitment to diverse programming.
- With cable penetration dropping in all markets, RBC stations providing and showcasing these programs featuring African-Americans in lead roles is the

only **free** entertainment outlet featuring diverse programming that is available to the majority of African-American homes. Tax Credits can help pay for such programming.

- If the tax credit incentives were combined with a five year no charge moratorium on regulatory fees, small broadcasters could make an even stronger case to banks and other lenders/investors.

2. Must Carry

- There is an urgent need for the minority owned television broadcaster to have cable must carry protection for all of their digital channels.

3. Inter-Agency Initiatives

- The FCC should work with the Department of Commerce to re-establish grants that encourage the creation of small, minority and woman-owned broadcasting companies. The FCC could work with the SBA to guarantee loans for such firms.
- The FCC must be an advocate for small, minority and woman-owned broadcasters, force other government agencies to use their resources to insure that a diversity of voices are heard, a diversity of opinions are known, and a diversity of workforce is created by the growth in diversity of ownership.

Roberts Broadcasting Company is the only African American-owned television broadcast group; with your assistance we will not be the last.