

Minority Radio Ownership in 2009; Entry, Contributions to Diversity and the Effect of FCC Licensing and Multiple Ownership Rules

FCC Media Ownership Workshop

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Testimony by Catherine J.K. Sandoval

Assistant Professor of Law

Santa Clara University

Research Partners and Methodology

- Study Conducted by Professor Catherine Sandoval and Allen Hammond, IV, Santa Clara University School of Law, and the Minority Media and Telecommunications Council
- Funded by the Social Sciences Research Council, Necessary Knowledge for a Democratic Public Sphere
- Professor Sandoval examined more than 11,000 records from Federal Communications Commission's (FCC) Consolidated Database System (CDBS)
- Records examined from both FCC ownership (form 323) and Application databases and Internet information on stations

Minority Commercial Radio Broadcasters, Mid-2009

- 815 minority-owned commercial radio stations
- 324 minority owners
- Minorities control 7.2% of commercial radio stations

Minority Radio Broadcasters

Mid-2009

- The FCC should make its Ownership and Application Databases easier to search and analyze to identify key trends
- The FCC needs to increase search categories to make ownership information easier to identify and compile
- The FCC currently collects data on owner race, ethnicity, gender and voting structure but does not make these terms searchable

Minority Single Station Owners

- 198 or 61% of minority commercial radio owners, control only *one* station.
- The FCC previously exempted sole proprietors and single-majority shareholders from many filing requirements
- The FCC now requires Sole Proprietors to file biennial ownership reports

Few Minority Multiple Station Owners

- In mid-2009 only 14 minority-owned commercial radio broadcasters controlled 10 or more commercial stations
- Only *three* minority-owned companies control 25 or more stations: Radio One, Multicultural Broadcasting and SS Holdings

FCC Licensing and Consolidation Policies and Minority Ownership Entry

- Of the 324 current minority commercial radio owners 172 or 53% were awarded their *first* license among the radio licenses they still control, *prior to the 1996 Act*
- These licenses were awarded before the national cap on radio ownership was eliminated and local caps were dramatically raised

FCC Licensing and Consolidation Policies

- Several minority owners who obtained station licenses after the 1996 Act obtained their first license before the 1996 Act and sold that license prior to 2009; data limitations do not reflect these sales
- Prior broadcast experience allowed them to enter a more consolidated market
- The FCC must examine the effect of consolidation policies on minority and small owner entry, service and exit

FCC Licensing and Consolidation Policies and Minority Entry

- 150 or 46% of minority owners who control commercial radio stations in 2009 acquired their *first* license *before 1985*.
- From 1953 to 1985, the FCC permitted an entity to control no more than seven FM radio stations, seven AM radio stations and seven television stations nationally and ONE station within a local market
- This permitted single station owners to enter relatively unconsolidated markets and establish a foothold for service that many minority broadcasters rely on today.

Minority Radio Broadcasters; Contributions to Program Diversity

- 74.7% of the minority owners airing programming in mid-2009 *broadcast minority-oriented programming.*
- This confirms several previous studies about the nexus between minority ownership and diversity

Most Popular Formats Among Minority Broadcasters:

- 1) Spanish
- 2) Religion
 - Most minority-owned religious format broadcasters are for profit corporations
 - They broadcast Gospel or Spanish Christian formats aimed at minority audiences
- 3) Urban

General Market Formats

- Minority owners who air general market formats do so for several reasons:
 - General market formats earn more money due to No Urban/Spanish dictates and discounts paid for predominantly minority audiences
 - Adopting General market format labels such as "Oldies" may help evade negative advertising practices
 - General market formats are eligible for more national, regional and local advertising buys

The Bleeding Edge, Minority Radio Broadcaster Bankruptcies

- 42 minority-owned radio stations were transferred between 2007 and August 2009 to bankruptcy trustees, trusts established for the benefit of lenders as workouts or to a representative of a debtor-in-possession
- Such filings are submitted through Form 316 in the Application database to indicate a “pro forma” transfer of control
- The FCC should establish a new category for extraordinary transactions such as bankruptcy and debtor in possession transfers, enable searches of such applications and track broadcaster status

The Bleeding Edge: Minority-Owned Radio Stations Dark for Financial Reasons

- 18 minority-owned stations are Silent for Financial Reasons
- A total of 24 minority-owned stations are silent
- The FCC should enable searches in its Application Database for silent stations by reason: financial, staffing or technical

Minority Radio Broadcasters; The Bleeding Edge

- The number of bankrupt licensees and stations that are dark for financial reasons is likely to grow by the end of 2009
- The FCC database makes identifying and tracking these trends monumentally difficult
- The FCC should create and enable better search tools to support analysis of broadcast rules and serve the public interest