CHANGES, CHALLENGES, AND CHARTING NEW COURSES:
Minority Commercial Broadcast Ownership in the United States

The Minority Telecommunications Development Program
National Telecommunications and Information Administration

United States Department of Commerce

December 2000

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

Today's broadcast companies find themselves in a dynamic marketplace. New digital technology is greatly expanding the options for using our Nation's airwaves. Many traditional broadcast rules, including those addressing financial interests and syndication, ownership, and equal employment, no longer exist or have been relaxed. Many television broadcast companies have recently acquired cable and Internet holdings.

This changing landscape poses new challenges and opportunities for broadcasters and our Nation. As we forge new paths, we must hold fast to the values of diversity and localism that have long served ourNationwell. For almost a century, we have promoted diversity of independent editorial viewpoints and guarded against undue media concentration. We have labored to prevent the potential monopolization of the marketplace of ideas, to protect the needs of local communities, and to promote the free exchange of diverse viewpoints and information. We have supported policies that would increase opportunities for minorities, women, and small businesses to participate fully in the broadcast industry. Despite our laudable efforts, minorities still own less than four percent of all the commercial broadcast stations in the United States, while representing 29 percent of the population. Clearly, there is much more work to be done.

Changes, Challenges, and Charting New Courses: Minority Commercial Broadcast Ownership in the United States is part of the Commerce Department's continued commitment to promoting greater opportunities for all Americans in the communications arena. This report examines the current state of minority commercial broadcast ownership in the United States and provides critical, empirical data about such ownership in this ever-changing industry. The information set forth in this report will provide a basis for policymakers and business to undertake initiatives that serve to increase opportunities for minorities to own viable telecommunications enterprises.

The Department looks forward to working with industry to ensure greater participation by all Americans in the broadcast industry.

Norman Y. Mineta

CHANGES, CHALLENGES, AND CHARTING NEW COURSES:
Minority Commercial Broadcast Ownership in the United States

UNITED STATES DEPARTMENT OF COMMERCE

Norman Y. Mineta, Secretary
Robert Mallett, Deputy Secretary

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

Gregory L. Rohde, Assistant Secretary for Communications and Information

Kelly Klegar Levy, Associate Administrator, Office of Policy Analysis and Development

Minority Telecommunications Development Program

Maureen A. Lewis, Director
Chanda Tuck-Garfield, Associate Director
Sheree Stalling, Administrative Assistant

Project Contributors

Art Brodsky, Director of Communications
Sallianne Fortunato, Telecommunications Policy Analyst
Jeffrey Joyner, Senior Counsel
Sandra Laousis, Telecommunications Policy Analyst
James McConnaughey, Senior Economist
Kathy Smith, Chief Counsel

ECONOMICS AND STATISTICS ADMINISTRATON

Gwendolyn Flowers, Chief Economist
David Payne, Economist

Acknowledgments

The Department would like to thank all the minority broadcasters who contributed to this effort. The Minority Telecommunications Development Program wishes to thank Milton Brown, Jaron Charles, Lan Chu, Fahima Danishgar, Teresa Goode, Tanya Holmes, Josephine Johnson, Josephine Scarlett, Mary Smith, and Mary Stewart of NTIA, Kevin Matthews and Melanie Cook of MBDA. Special thanks to Ruth Ann Bramblett, Stacy Furukawa, David Lassman, Kristin Stettler, Thomas Zabelsky, William Davie, Jr., Kathy Tuck, Maurita Coley of Cole, Raywid & Braverman, Edward Jones, Jr. of UDC Cable 19, David Honig of the Minority Media and Telecommunications Council, James Winston and Lois Wright of the National Association of Black Owned Broadcasters, Francisco Montero of Shaw, Pittman, Potts & Trowbridge, S. Jenell Trigg of Fleischman & Walsh, Michael Sullivan of the Community Broadcasters Association, Dahlia Hayles of Rainbow/PUSH Citizenship Education Fund, and others who contributed to this report.

TABLE OF CONTENTS

INTRODUCTION

Gregory L. Rohde
Assistant Secretary for Communications and Information
Administrator, National Telecommunications and Information Administration

On the tenth anniversary of the National Telecommunications and Information Administration's (NTIA) efforts to compile and report information on minority commercial radio and television ownership in the United States, we review the history of such ownership and the role of viewpoint diversity in a changing industry. We also continue our data collection efforts, examining the current status of minority commercial broadcast ownership in the United States.

The report is the product of a written survey of minority broadcast owners, written comments solicited through a Federal Register notice, comments offered at a public meeting held on July 18, 2000, and analysis of publicly available information, including a commercial database. The data presented in this report will assist NTIA's Minority Telecommunications Development Program (MTDP), as well as the policymakers, legislators, broadcast industry members, academicians, and consumer advocates with whom it works, in increasing opportunities for minorities to own viable broadcasting properties.

The report begins with a history of NTIA's role in promoting minority ownership. It then explores the critical issue of how to define minority ownership and the implications of different definitions. The report then looks at the longstanding value of viewpoint diversity, and examines its role in a changing industry. One of the most profound changes on the broadcast industry in recent years has been increased consolidation of broadcast properties. The report examines the impact that consolidation has had on minority owners.

As documented in the report, over the past two years there has been a modest increase in minority commercial broadcast ownership and in the growth of some minority station group owners who have acquired more broadcast properties. Whether the report presents evidence of a promising trend toward increasing minority commercial broadcast ownership or merely a fortuitous time in the industry's history during which some minority owners also benefitted is unclear at this time. The report does show that the vast majority of minority broadcast owners operate a single commercial radio or television station. These owners continue to face obstacles in a competitive broadcast marketplace, despite their willingness to seek new revenue streams and adopt new management and ownership arrangements. As detailed in the report, our survey results and roundtable discussion captured the minority owners' contentions that industry consolidation has exacerbated some of the barriers that have long plagued them, including equitable access to capital, deal flow, advertising, and broadcast employment opportunities.

Increasingly, many broadcasters are moving beyond traditional single station ownership and embracing new management and ownership arrangements. In addition, many broadcasters are adopting new technologies to redefine how they broadcast their material. These are important developments that we will continue to monitor for their effect on minority owners' participation in this field.

Minority commercial broadcast owners have played a critical role in informing, educating, and entertaining Americans. This report provides important data about their continued ability to participate in the broadcast industry and provide our Nationwith continued diversity of views and culture.

EXECUTIVE SUMMARY

With this report, *Changes, Challenges, and Charting New Courses: Minority Commercial Broadcast Ownership in the United States*, the National Telecommunications and Information Administration (NTIA) revisits the important topic of minority ownership of broadcast facilities. The agency, through its Minority Telecommunications Development Program (MTDP), has collected data on minority ownership since 1990, and issued reports annually from 1990 through 1994 and from 1996 through 1998. In 1995, NTIA published a report on the availability of capital for minorities trying to enter the broadcasting business. This report provides an historical perspective on minority ownership and an assessment of the impact that the recent trend of broadcast industry consolidation has had on minority ownership.

Our Nation has had a long-standing commitment to minority participation in the broadcast industry. Diverse voices contributing to public discourse is a fundamental element of our democratic society. The wave of broadcast mergers that swept through the industry following the passage of the Telecommunications Act of 1996 as well as emerging technologies have highlighted the need to examine the impact of business, legal, and technological changes on minority ownership.

Since 1990 when MTDP began collecting data on minority commercial broadcast ownership in the United States, African Americans, Asian Americans, Hispanic Americans, and Native Americans have consistently been underrepresented among the Nation's commercial broadcast owners. Ranging from a low of 2.7 percent in 1991 to a high of 3.8 percent in 2000, minorities' ownership of commercial broadcast facilities has remained far below their estimated 29 percent representation in the U.S. population.

This year's report shows modest progress in some areas of minority commercial broadcast ownership. It also reveals, however, the continuation of some disturbing trends. The positive findings include:

- Over the last two years, minorities as a whole have made some gains. In 2000, 187 minority broadcasters owned 449 full power commercial radio and television stations, or 3.8 percent of the 11,865 such stations licensed in the United States. These figures represent an increase of 0.9 percentage points of the number reported in 1998. However, about half of this increase was the result of an improved methodology to indentify minority owners.

- Minority owners have made some gains in the commercial radio industry, and some previous owners have been newly identified. In 2000, 175 minority broadcasters owned 426 stations, or about 4.0 percent of the Nation's 10,577 commercial AM and FM radio stations. This compares to their ownership of 305 radio stations in 1998, which represented 2.9 percent of that year's industry total. Again, half of the increase came from newly identifying already existing owners.

- All minority groups have increased their radio ownership since 1998. In terms of absolute growth, the number of Hispanic-American-owned stations increased the most with the addition of 57 stations, followed by an increase of 43 African American-owned, 18 Asian American-owned, and three Native American-owned. Excluding the effect of the improved search methodology, however, the number of African American-owned stations increased by 15 percent, and Hispanic American owned stations 19 percent, Asian American-owned stations by 300 percent, and Native American-owned by 25 percent. The large increase in Asian American-owned stations was largely the result of purchases by one large owner.

- African Americans' ownership of 211 radio stations in 2000 continues to lead that of other minorities and represents almost half of all minority-owned radio stations. Hispanic-Americans owned 187 stations or 44 percent of all minority radio stations.

Findings causing continued concern include:

- Minority owners' share of the commercial television market decreased in 2000. The 23 full power commercial television stations owned by minorities in 2000 represented 1.9 percent of the country's 1,288 such licensed stations. This is the lowest level since MTDP began issuing reports in 1990. That year, minorities owned 29 full power television stations, compared to as many as 38 during 1995 and 1996. Between 1998 and 2000, there was a loss of five Hispanic American and four African American-owned stations, and a new identification of two Asian American-owned stations, for a net loss of seven stations.

- While the broadcast industry's strong performance in recent years has benefitted some minority owners and may help explain the increase in the number, consolidation still threatens the survival of most minority owners, who as mostly single station operators find it difficult to compete against large group owners.

- At a time when single-station owners are struggling to remain competitive, 61 percent of minority owners operate stand-alone stations. In 2000, 131 or 31 percent of minority-owned stations were part of a duopoly (two or more stations of the same type in the same market) compared to 36 percent of non-minority competitors. Seventeen minority-owned stations, or 4 percent, participated in a local marketing agreement, while 8 percent of non-minority competitors did so.

- As reported in past years, minority owners continue to own more AM than FM stations. In 2000, minorities owned 248 AM stations and 178 FM facilities. Declining AM listenership over the past 15 years and the technical limitations of these stations make them generally less profitable than FM stations.

MTDP's efforts to compile data on minority ownership highlighted a critical issue -- how to define "minority ownership." Indeed, there is no current consensus on a definition. There are different definitions in past NTIA reports, at the Federal Communications Commission, Small

Business Administration, and in legislation. Depending on which definition is used, well-known minority broadcasters are or are not included. This report underscores the need for certain issues such as equity ownership and control to be part of a revised definition.

In preparing this report, we solicited the perspective of minority owners and have provided an overview of the continuing challenges that minority owners confront as they attempt to acquire advertising, gain access to capital, and improve employment opportunities for minorities. This report discusses the reasons why many minority owners as well as others in the industry support the reestablishment of a tax certificate program, and NTIA urges further exploration of proposals to restore this program. The report also highlights industry-led efforts to train minorities for careers in broadcasting and to facilitate access to capital, which have provided a positive contribution to advancing the goal of increasing broadcast diversity.

In part to address these challenges, broadcasters are increasingly moving beyond traditional single station ownership and embracing new management and ownership arrangements. In addition, many broadcasters are adopting new technologies to redefine how they broadcast their material. These efforts afford new opportunities for minority owners and potential ways for us to ensure diversity of viewpoints over our Nation's airwaves.

CHANGES, CHALLENGES, AND CHARTING NEW COURSES:
Minority Commercial Broadcast Ownership in the United States

The United States has a long history of promoting diverse viewpoints, beginning with newspapers, expanding into radio and television, and emerging with the Internet and other new technologies. Minority ownership of broadcast stations has been a critical part of ensuring a vibrant marketplace of ideas and opinions. This report looks at the history of minority commercial broadcast ownership, the role of diversity of viewpoints in a changing broadcast industry, the status of minority broadcasters, and the continuing challenges and opportunities faced by minority broadcast owners.

I. HISTORY OF NTIA'S ROLE IN PROMOTING MINORITY OWNERSHIP

For more than twenty years, the National Telecommunications and Information Administration (NTIA) has administered the Minority Telecommunications Development Program (MTDP). The Administration of former President Jimmy Carter established the program in 1978 to coordinate Federal Government and private industry efforts to increase minority ownership of broadcasting outlets and telecommunications businesses. NTIA implemented the program once an Executive Branch reorganization creating the agency took effect. The reorganization resulted in consolidation and transfer to NTIA of certain functions of the White House Office of Telecommunications Policy (OTP) and the United State Department of Commerce's Office of Telecommunications (OT). NTIA continues to be the President's principal advisor on telecommunications and information policy issues.

On January 31, 1978, NTIA's predecessors OTP, and OT, filed a petition with the Federal Communications Commission (FCC) urging it to adopt a policy promoting minority broadcast ownership in locations with minority communities. The petition proposed that the Commission modify certain licensing rules, policies, and procedures to achieve that goal. Specifically, the petition recommended that, in comparative license hearings, the FCC award preferences to applicants with minority ownership. In non-comparative licensing, the petition suggested the Commission: expedite minority application processing; allow minorities to gain experience through part-time station operations under time brokerage arrangements; adopt the National Association of Broadcasters' tax certificate proposal to permit owners selling their stations to minority entrepreneurs to defer capital gains; waive television ownership limits in the 50 largest markets for minority owners; reduce financial requirements for minority license applicants; and adopt the Congressional Black Caucus' plan to allow groups with at least 50 percent minority ownership to purchase at "distress sale" prices stations designated for license revocation or renewal hearings.[1]

---

[1] Petition for Issuance of Policy Statement or Notice of Inquiry, Office of Telecommunications Policy (later reorganized as NTIA), Dept. of Commerce, (submitted Jan. 31, 1978), explained in In the Matter of Petition for Issuance of Policy Statement or Notice of Inquiry by National Telecommunications and Information Administration, Memorandum and Order, RM-3055, 69 F.C.C. 2d 1591 (rel. Nov. 22, 1978) ("1978 NTIA Petition

Several months later, the FCC issued a "Statement of Policy on Minority Ownership of Broadcast Facilities."[2] The policy statement acknowledged the "dearth" of minority broadcast ownership as evidenced by minorities' control of less than one percent of the Nation's 8,500 commercial radio and television stations. These ownership levels contrasted sharply with minorities' 20 percent representation in the population at that time.[3] The Commission stated that minority participation in broadcast ownership and management resulted in more diverse programming because of licensees' responsibility to serve audience needs and interests. It also noted minority ownership advanced the Commission's long-held commitment to "diversity of control" of the public's scarce spectrum.

The FCC determined that diversification of programming and ownership were public interest objectives it could further by encouraging minority broadcast ownership. Accordingly, the Commission pledged to issue tax certificates to broadcasters proposing to sell their stations to parties "where minority ownership is in excess of 50 percent or controlling."[4] The transactions also had to present a "substantial likelihood that diversity of programming will be increased," before the FCC would provide a certificate.[5] The Commission also expanded its distress sale policy to allow licensees to avoid costly, time-consuming revocation or renewal hearings by selling stations to minorities at below market prices before any hearing commenced. Finally, it promised to process expeditiously applications for tax certificates and distress sales.[6]

On October 31, 1978, the Commission addressed several remaining issues raised by NTIA's filing and by comments on the petition.[7] It declined to adopt NTIA's suggestion that the Commission generally waive certain rules when the waiver would promote minority broadcast ownership but not jeopardize the rule's purpose. As examples, NTIA mentioned the anti-trafficking rule prohibiting assignments by anyone owning their stations for less than three years, the duopoly rule against owning more than one broadcast facility in a given service, and the requirement of a compelling public interest showing before an owner could acquire a third or fourth television station in the fifty largest markets. Rather than enact a broad waiver to facilitate minority ownership, the

---

M&O").

2 FCC Statement of Policy, Docket No. 68 F.C.C.2d 979 (1978) [FCC Policy Statement].

3 Id. at 981.

4 Id. at n. 20. The Commission's statement did not, however, interpret "controlling" interests.

5 Id.

6 Id.

7 1978 NTIA Petition M&O, supra at n.1. The Commission considered in separate proceedings NTIA's recommendations regarding minority applicants' involvement in comparative hearings, and use of "time brokerage or shared-time arrangements" as an alternative to full station ownership to fulfill the programming needs of minorities and other special interests. See id. at ¶¶ 8-9.

Commission reiterated its general policy supporting the goal and made clear it would consider the minority ownership policy in evaluating requests for waivers or declaratory judgments.[8]

The Commission did, however, implement one of NTIA's two suggestions for minimizing financial obstacles confronting minority broadcast applicants. One recommendation proposed that the FCC relax working capital requirements for new radio applicants, who must demonstrate their financial qualifications to hold broadcast licenses. NTIA's suggestion recognized that minorities often faced difficulty obtaining bank loans because they lacked the operating experience lenders desired of their borrowers. The Commission restated an earlier action reducing from one year to three months the operating capital any radio applicant must maintain. It retained the one year working capital requirement for television applicants, however, because "more expensive television operations appear to be more directly affected by liquidity considerations."[9] NTIA offered a second financial proposal for an expedited process to encourage bank loans to minorities. It would have allowed a "recognized lending institution" temporarily to replace, without judicial approval, a defaulting borrower with an alternative management team. Citing the adequacy of lenders' remedies under bankruptcy law, the Commission rejected the suggestion. Finally, it chose not to provide a blanket assurance of expedited processing for minority applications, as NTIA requested.[10]

Minority Broadcast Ownership Reports

NTIA, in its petition, urged the Commission to implement additional policies to diffuse broadcast ownership among an array of people representing racially and ethnically diverse communities. Despite development of policies and programs to improve minority entrepreneurs' chances of buying and operating broadcast facilities, little information was readily available about existing minority owners. Therefore, in 1990 NTIA's MTDP began gathering data on commercial broadcast station ownership by racial and ethnic minorities, including African Americans, Hispanic Americans, Asian Americans, and Native Americans. That year, NTIA published the first in a series of reports on minority commercial broadcast ownership.[11]

---

8 Id. ¶¶ 9-12.

9 Id. ¶ 14.

10 Id. ¶ 15.

11 NTIA issued reports on minority commercial broadcast ownership in the United States annually from 1990 through 1994 and from 1996 through 1998. For each report, MTDP staff identified minority station owners through periodicals and anecdotal information. FCC staff and representatives of several industry associations and minority interest organizations helped to locate other minority station owners. Whenever possible, staff interviewed by telephone owners or general managers of the minority broadcast facilities they identified, and asked them about minority station ownership and operations. Otherwise, staff sought information from available station representatives, and assumed the accuracy of the information any respondent provided. Based on the information gathered, MTDP compiled a list of commercial radio and television stations in which minority ownership exceeded 50 percent.

2000 Minority Broadcast Ownership Report Methodology

In 2000, MTDP for the first time conducted a written survey to help gather empirical baseline data about minority commercial broadcast owners in the United States.[12] Thirty short-answer questions comprised the voluntary survey, which required an estimated 30 minutes of owners' time to complete depending on the number of stations they owned. A copy of the 2000 Survey of Minority Broadcast Owners and accompanying cover letter is provided in Appendix A.

To develop a universe of potential respondents to the minority broadcast owner survey, MTDP staff compiled lists of minority broadcast owners from NTIA's past ownership reports and the membership directories of several minority and industry-wide broadcasting associations. In addition, these associations publicized the survey among their members and encouraged their participation. NTIA also publicized the survey in industry and minority media and posted the instrument with instructions on its website at <www.ntia.doc.gov>. As a result of the publicity, MTDP and the Economics Statistics Administration (ESA) supplemented the survey universe with additional owners who contacted MTDP to request questionnaires. MTDP and ESA also selected from BIA Research Inc.'s commercial database Media Access Pro Version 2.6 stations with ethnic formats whose owners or principals had ethnic surnames to enlarge the universe. The universe, as constructed, represented a census of all known African American, Asian American, Hispanic American, and Native American owners of commercial full power AM and FM radio, as well as UHF, VHF, and low power television stations in the United States.[13]

MTDP updated the list from year to year by adding any new information it obtained and by deleting stations believed to be "dark," or not operating because disconnected telephone numbers and inadequate forwarding information prevented staff from contacting these facilities. Although industry professionals reviewed the list before publication, MTDP recognized that its methodology may not have yielded a complete or accurate listing of all the country's minority broadcast owners. Therefore, staff encouraged the public to provide corrections and additional stations for the list.

Although NTIA did not issue a minority ownership report in 1995, it did publish a report on the subject of capital access for minority entrepreneurs titled *Capital Formation and Investment in Minority Business Enterprises in the Telecommunications Industries*.

[12] In surveys underlying this report, Hispanic Americans were persons of Hispanic origin who identified themselves by place of origin or descent. Persons of Hispanic origin are those who indicated that their origin was Mexican-American, Chicano, Mexican, Puerto Rican, Cuban, Central or South American, or other Hispanic. People of Hispanic ethnicity can be of any race. Throughout this report, interpret Non-Minority as "White, non-Hispanic", and African American as "African American, non-Hispanic."

[13] In developing the universe of minority broadcast owners, MTDP created a database, of all known minority broadcast owners. Because no sampling occurred during development of this census, no sampling error resulted. Sampling error arises when characteristics differ among sampling units, which comprise only a subset of the entire population. Non-sampling error may have resulted, however, from a number of factors, including (a) an inability to obtain information about all minority broadcasters in the universe; (b) response errors; (c) differences in owners' interpretation of survey questions; (d) keying mistakes in coding or keying responses; and (e) other errors related to collection, response, coverage, and processing. Although MTDP did not obtain direct measurement of potential biases from non-sampling error, precautions were taken in all phases of the data's collection, processing,

Using the universe of minority broadcast owners that staff developed, MTDP sent surveys to approximately 487 minority broadcast owners over a three-month period ending November 8, 2000. During that time, MTDP engaged in further outreach to non-responding minority owners by telephone, fax, and e-mail to encourage their participation, conduct abbreviated telephone interviews, and clarify responses on submitted surveys. Ultimately, MTDP received a total of 124 unique answered survey forms, which represents a survey response rate of about 25 percent.[14] That response rate limits the inferences that can be drawn about the universe of minority broadcast owners. Nevertheless, the collected data reveal trends and attitudes that are useful in understanding the experiences of minority broadcast owners, and in identifying issues for further study.

Accordingly, this year's report examines the responses of surveyed African American, Asian American, Hispanic American, and Native American broadcasters who reported themselves as sole proprietors of commercial broadcast facilities operating in the United States, as owners of more than 50 percent of a corporation or have voting control of a partnership that owns such facilities. The report also presents statistical and other information about minority owners with whom MTDP's past experience and publicly available information suggest fit its definition of minority ownership. Historically, NTIA's minority ownership reports have defined minority ownership with a focus on equity ownership to the exclusion of controlling interests of voting stock (or voting interests in a partnership) greater than 50 percent.[15] This report discusses in section II the policy implications of this traditional definition and reviews other current and proposed definitions.

---

and tabulation to minimize the influence of nonsampling error.

MTDP acknowledges that despite its best efforts, non-sampling error likely occurred because of an inability to identify all of the nation's minority commercial broadcasters. Such error may be reduced in the future as a result of the FCC's recent requirement that owners disclose on their biennial reports information about the participation of minorities and women in station ownership. See Item 9(a) FCC Form 323 (Sept. 2000). In establishing the requirement, the Commission noted the difficulty NTIA faces in obtaining complete and accurate informantion from broadcast owners. It concluded that NTIA's data would complement, but not substitute for, information the Commission gathered, because as the licensing authority, it is "appropriately and uniquely situated to collect information on the gender and race of the attributable interests of its licensees." Memorandum Opinion and Order, In the Matter of 1998 Biennial Regulatory Review–Streamlining of Mass Media Applications and Policies and Rules Regarding Minority and Female Ownership of Mass Media Facilities, MM Docket Nos. 98-43 and 94-149,14 F.C.C.Rcd 17525 (1999) at ¶ 19. The Commission recognized, however, that "our data may not be complete either because our rules do not require [sole proprietorships or partnerships consisting of only natural persons] to complete Form 323." Nonetheless, it encouraged such licensees voluntarily to provide racial and gender identity information to enable the Commission to "more accurately measure minority and female broadcast ownership." Id. at n.14.

[14] The response rate includes 14 short-form survey responses from owners who provided their answers during telephone interviews with MTDP staff. See Appendix A-1 for a copy of the short-form minority broadcast owner survey, which extracts 8 key questions from the complete questionnaire.

[15] MTDP notes, however, that this report excludes at least four firms that in past years were part of the minority ownership report based on a belief that minorities owned more than 50 percent of the equity or partnership interests in broadcast stations. These include companies that have become public since 1998 or have received other financing that apparently has diluted minority equity ownership to levels below the threshold NTIA has used traditionally to define minority-owned companies.

MTDP solicited information from minority broadcast owners based on assurances of confidentiality. Therefore, except for information about owners and their enterprises obtained from publicly available sources, the report does not disclose questionnaire responses attributable to any identifiable owner. Rather, it contains results and analyses presented in the aggregate or anecdotally. As a result, in contrast to past minority ownership reports, the year 2000 report does not include a compilation of individual owners and their stations. The report does, however, describe the broadcasting industry generally, and compares minority broadcast owners MTDP has identified to their non-minority competitors in the Nielsen DMA (Designated Market Areas) and the Arbitron-rated markets[16] in which they are located. MTDP obtained information from BIA's Media Access Pro database about minority and non-minority owners operating in the same markets.

Public Comments

To obtain as many perspectives as possible, NTIA invited the public to submit written comments on opportunities for increased minority media ownership.[17] NTIA posed specific questions relating to the following concerns: defining minority ownership; changes affecting minority broadcast ownership since the enactment of the Telecommunications Act of 1996; federal policies, programs, and regulatory or legal measures to promote minority ownership; legal or economic impediments confronting minority owners; and ownership opportunities presented by new media technologies. Five commenters responded, and MTDP includes the views as appropriate in relevant sections of the report.

Minority Ownership Roundtable

On July 18, 2000, NTIA convened a roundtable titled "Media Diversity: Minority Owners Conquering New Frontiers."[18] Minority broadcast owners, industry representatives, academicians, policymakers, and minority business advocates discussed barriers to diversifying ownership and addressed increasing broadcast industry consolidation. One primary purpose of the meeting was to gather information from knowledgeable industry participants and observers who would not qualify as survey subjects. Their contributions enhanced data NTIA obtained from the minority broadcast ownership survey and lent important perspectives to this report.

The roundtable consisted of two morning panels and two afternoon working groups. The first panel began with an overview of minority media ownership, and a discussion of the

---

[16] A.C. Nielsen Company and Arbitron are media research firms that measure U.S. television and radio audiences in local markets and conduct consumer research for stations. Advertisers often use these audience measurements to select stations for their product promotions. See Section IV, infra, for a discussion of advertising issues and the impact of rating agencies on the success of minority broadcast stations.

[17] Meeting Notice, 65 Fed. Reg. 40,081 (2000).

[18] A transcript of the minority media ownership roundtable is available on NTIA's website at <http://www.ntia.doc.gov/ntiahome/minoritymediaroundtable/transcript.txt> (Roundtable Transcript).

consolidation following the Telecommunications Act of 1996 adverse effects on minority ownership. The group also addressed the challenge of preserving diverse voices when fewer owners control more stations. During the second panel, discussants examined financing issues for minority media owners, reflected on the benefits to minority ownership of the FCC's repealed tax certificate program, and offered predictions about opportunities for minority ownership arising from convergence and innovative new media technologies. The working groups enabled the audience to offer their views on minority ownership definitions and on policies and programs to promote diversity in media ownership.

II. MINORITY OWNERSHIP - CURRENT AND PROPOSED DEFINITIONS

As a threshold matter, defining minority media ownership is important to permit continued monitoring of minority owned firms' entry and development in telecommunications, as well as to determine eligibility for any government programs aimed specifically at promoting minority telecommunications ownership. As discussed in more detail later in the report, federal programs employing racial or ethnic criteria must serve a compelling government interest and be narrowly-tailored to support that interest under the strict scrutiny test set forth by the Supreme Court in Adarand Constructors, Inc. v. Pena, 515 U.S. 200 (1995). Therefore, definitions of minority ownership could establish the parameters of any narrowly-tailored programs the government may develop to increase media ownership by racial and ethnic minorities and thereby promote viewpoint diversity on the Nation's airwaves.

In developing its survey, MTDP considered the question of defining minority ownership to determine which broadcast stations to include in the survey analysis and research for this report. Finding variation even in its own past reports, MTDP researched the issue and learned that definitions appear to differ according to the purposes and proponents of a given program.[19] While not advocating a particular definition, this report briefly reviews some present and proposed definitions to provide a basis for further study of the issue. The following discussion may assist policymakers to fashion a fair, but flexible definition that helps entrepreneurs to meet their capital needs. At the same time, the definition should be sufficiently tailored to ensure that any policies promoting minority broadcast ownership in fact benefit the intended beneficiaries, thereby protecting the integrity of the government's efforts.

Generally, the definitions require demonstrations of both equity ownership by minorities and their "control" of the business, although the definitions evolved from a requirement that minorities maintain more than 50 percent of a firm's equity interests. Definitions incorporating evidence of

---

[19] See, e.g., Memorandum and Order, In the Matter of Amendment of Section 73.3555, [formerly Sections 73-35, 73.240, and 73.636] of the Commission's Rules Relating to Multiple Ownership of AM, FM and Television Broadcast Stations, 100 F.C.C. 2d 74 (1985) at ¶ 46. ("A question arises as to the proper definition of a minority owned station for the purposes of our multiple ownership rules. *In this regard, we note that the Commission has adopted different standards of minority control depending on the mechanism used to foster its minority policies."*) (Emphasis added).

control may reflect a recognition of the persistent limitations on capital access that historically have plagued minority entrepreneurs. By reducing equity stakes below 50 percent but imposing a minority control requirement, these definitions take into account the experiences of minority broadcasters who sometimes must sacrifice significant portions of their equity in exchange for the capital they need to grow and compete. Unless carefully crafted, however, such definitions may invite abuse by entities that use the ostensible voting control held by minorities to gain advantages that would otherwise accrue to the intended beneficiaries of such programs — minority entrepreneurs.

Concerns about such abuse and diminishing minority ownership, lead some commenters to argue that reliance on majority equity interests greater than 50 percent is most appropriate. Therefore, proponents of an equity-focused definition assert that minimal equity contributions and majority voting control are insufficient to prove minority ownership. Their view would exclude certain historically minority-owned firms that have obtained funding from public and private capital markets, thus disqualifying those firms' participation in broadcasting opportunities designed especially for minorities. If the government adopts a definition based solely on majority equity ownership, then its policies might focus so narrowly on assisting smaller owners with limited prospects for survival that the policies fail to aid larger entities. These more substantial minority enterprises might compete more effectively than their smaller counterparts in a consolidated broadcasting industry dominated by group owners. In that event, such government policies would be unlikely to broaden minority media ownership and further viewpoint diversity.

NTIA's Definitions

MTDP has used various definitions of minority ownership in its reports. All of the reports from 1990 through 1998, except one, define minority-owned broadcast properties as those in which minorities, such as Blacks, Hispanic Americans, Asian Americans, or Native Americans own more than 50 percent of an entity's stock.[20] In 1994, MTDP expanded the definition to include "voting

---

[20] *A Statistical Analysis of Minority-Owned Commercial Broadcast Stations Licensed in the United States in 1991*, MTDP, NTIA (Oct. 1991) [1991 MTDP Report]; *Compilation by State of Minority-Owned Commercial Broadcast Stations*, MTDP, NTIA (Nov. 1992) [1992 MTDP Report]; *Analysis and Compilation by State of Minority-Owned Commercial Broadcast Stations*, MTDP, NTIA (Oct. 1993) [1993 MTDP Report] at i; *Analysis and Compilation of Minority-Owned Commercial Broadcast Stations in the United States*, MTDP, NTIA (Sept. 1994) [1994 MTDP Report]; *Minority Commercial Broadcast Ownership in the United States*, MTDP, NTIA (April 1996) [1996 MTDP Report]; *Minority Commercial Broadcast Ownership in the United States*, MTDP, NTIA (Aug. 1998) [1998 MTDP Report] at Appendix A of 1998 MTDP Report. The 1997 report titled *Minority Commercial Broadcast Ownership in the United States: A Report of the Minority Telecommunications Development Program*, NTIA (Aug. 1997) [1997 MTDP Report] did not define minority ownership.

In June, 1990, MTDP initiated COMTRAIN, which was a training program for new minority commercial broadcast owners. Minorities who had received construction permits from the FCC, or who had owned their stations for three years or less were eligible to participate in the program. MTDP apparently applied the 50 percent ownership benchmark used in its minority broadcast reports to determine station owners' qualifications to participate in COMTRAIN. See 1996 MTDP Report at Appendix of 1996 MTDP Report.

control in a broadcast partnership."[21] MTDP further clarified the definition in the 1996 report by adding stations held by minorities operating sole proprietorships.[22]

In 1995, NTIA issued a report titled *Capital Formation and Investment in Minority Business Enterprises in the Telecommunications Industries*. That report regards minority control as evidence of minority ownership:

> In a stock corporation "minority control" is defined as minority ownership of greater than fifty percent of the corporation's voting stock. In a partnership, "minority control" is defined as minorities having greater than fifty percent of the partnership's voting interests.[23]

This definition appears to be the only one in which MTDP equated minorities' voting control of a corporation's stock with ownership of the entity. Unlike the other reports' definitions, the one set forth in the 1995 report does not specify any level of equity interest that minorities must possess to qualify as owners. Although the reasons for MTDP's departure from its traditional minority ownership definitions are unclear, the voting stock definition's only appearance in a report on capital access for minorities in telecommunications perhaps suggests an awareness that strict equity ownership criteria may have affected minorities' ability to raise capital when minority targeted programs, such as the FCC's tax certificate program, still existed.

Federal Communications Commission's Definition

The Commission has consistently required minorities to hold both a "substantial" equity interest and to exercise actual control of stations under its definitions of minority-owned and minority controlled firms. It acknowledges, however, that "the precise combination of equity and control may vary in different contexts."[24] In 1978, the Commission decided to issue tax certificates to owners who sold their broadcast stations to minorities with an ownership interest in the purchaser that "exceeded 50% or was controlling."[25] It used the same criteria for authorizing distress sales to minorities.

Several years later, the FCC extended its qualifications for purchasers under the tax certificate and distress sales programs to limited partnerships in which minority general partners

---

[21] 1994 MTDP Report.

[22] 1996 MTDP Report at i.

[23] Id. at 5.

[24] In re Applications of Trinity Broadcasting of Florida, Inc. and Glendale Broadcasting Company, MM Docket Nos. 93-75, 14 F.C.C.R. 13,570 (1999) at ¶ 90.

[25] 1978 FCC Policy Statement, supra n.2, at n.20.

owned more than 20 percent of the broadcasting entity.[26] It recognized the "significant minority involvement" resulting from a minority general partner's ownership interest and complete managerial control of the station, but cautioned that "serious concern would arise where tax certificates are sought for sales to limited partnerships in which minorities exercise control but have no substantial ownership interests."[27] It also made clear that generally tax certificate transactions should not reduce minority ownership or control of the entity below 51 percent.[28]

The Commission later instituted competitive bidding rules for licenses and permits. Congress intended the auction procedures to diversify spectrum ownership by affording opportunities for participation by minority and women-owned businesses.[29] Accordingly, the Commission's auction rules govern participation by "designated entities," and cover "businesses owned by minority groups," in which minorities "control the applicant, have at least greater than 50 percent equity ownership and, in the case of a corporate applicant, have a greater than 50 percent voting interest."[30]

Under these competitive bidding rules, qualifying minority partnerships consist of minorities who own and control 100 percent of the entity or at least of 50 percent of the partnership's equity.[31] Controlling interests include those of individuals or entities with either *de jure* or *de facto* control of the auction applicant. Holdings exceeding 50 percent of the voting stock of a corporation or of general partnership interests demonstrate *de jure* control. The Commission determines *de facto* control of the applicant on a case-by-case basis using disclosure of an entity's equity interests and a minimum showing that the entity: (1) constitutes or appoints more than 50 percent of the board or management committee; (2) is authorized to appoint, promote, demote, or fire senior executives that control the licensee's day-to-day operations; and (3) plays an integral role in management decisions.[32]

Finally, in its rules on minority cable programming, the Commission allows cable operators to designate channel capacity to a qualified minority programming source for commercial use. In this context, the Commission defines such a minority programmer as one which devotes

---

26 Commission Policy Regarding the Advancement of Minority Ownership in Broadcasting, 92 FCC 2d 849 (1982) at ¶ 11.

27 Id. ¶ 7.

28 Id. ¶ 16.

29 47 U.S.C. § 309(j)(4)(C)(ii) (1999).

30 47 C.F.R. § 1.2110(c)(3) (2000)(Emphasis added).

31 Id. at § 1.2110(c)(2)(i).

32 Id.

"substantially all" of its coverage to minority viewpoints, or programs to minority members and "is over 50 percent minority owned."[33]

Small Business Administration's Definition

The Small Business Administration (SBA) also examines both equity interests and control. It uses these criteria to determine eligibility for its Section 8(a) program for disadvantaged small business development. Only small businesses "unconditionally owned and controlled by one or more socially and economically disadvantaged individuals" may participate in the program.[34] The rules provide a rebuttable presumption of social disadvantage for members of designated groups including Black Americans, Hispanic Americans, Native Americans, and Asian Pacific Americans.[35] Such individuals must directly and unconditionally own at least 51 percent of the disadvantaged small business.[36] Therefore, they must own 51 percent of each class of a corporation's voting stock outstanding and 51 percent of the aggregate of all shares outstanding, or 51 percent of every class of partnership interest.[37]

In addition, SBA rules regard control as establishing strategic policy for the small disadvantaged business through its board, as well as management and administration of day-to-day operations.[38] Therefore, socially disadvantaged individuals must manage the 8(a) program participant or applicant on a full-time basis, and hold the firm's highest officer position, which is usually the president or chief executive officer.[39] SBA considers qualifying disadvantaged individuals to control the board in several enumerated situations, including: when a single such person owns 100 percent of all the voting stock or owns a minimum of 51 percent of all the voting stock and is a member of the board and no super majority voting requirements exist; or when two or more disadvantaged board members together own at least 51 percent of all the voting stock, no super majority voting requirements exist, and they have enforceable agreements allowing one of them to vote the stock as a block without a shareholder meeting. In the event of any super majority requirements, disadvantaged individuals must hold the requisite percentage of stock to overcome the requirement.[40]

---

33 47 C.F.R §76.977(b) (2000).

34 13 C.F.R.§ 124.101 (2000).

35 13 C.F.R. § 124.103(b) (2000).

36 13 C.F.R. § 124.105 (2000).

37 Id. at § 124.105(b) and (d).

38 13 C.F.R. § 124.106 (2000)

39 Id. at § 124.106 (a)(1) and (2).

40 Id. at § 124.106 (d)(1).

The Telecommunications Ownership Diversification Act's Definition [41]

In October 2000, Senators John McCain and Conrad Burns introduced a bill to defer capital gains on sales of telecommunications businesses to "eligible purchasers." The purpose of the legislation is to facilitate voluntary transactions that will "promote diversification in, and broaden the participation in, the telecommunications industry by small businesses, and businesses owned or controlled by members of minority groups and women."[42] The bill also proposes a tax credit to promote ownership diversity.[43]

Section 3 of the proposed law would amend Section 1071 of the Internal Revenue Code to permit non-recognition of gain on any qualified telecom sale to an eligible purchaser. It defines an "eligible purchaser" as a U.S. citizen, or a U.S. citizen who is a "woman; a Black or African American; a Latino or Hispanic American; an Asian American, Native Hawaiian or other Pacific Islander; or an American Indian, Alaskan Indian, American Eskimo, or an Aleut" or as an entity controlled by those citizens.[44] "Control" of an entity under the bill's provisions requires eligible purchasers to own at least 30 percent of a corporation's outstanding stock (or 30 percent of a partnership's capital and profit interests) and more than 50 percent of the "combined voting power of all classes of stock" (or 50 percent of the partnership interests).[45] Eligible purchasers' ownership interests may drop to 15 percent if no other person owns more than 25 percent of the outstanding stock or partnership interests.[46] Publicly traded corporations may qualify as an entity controlled by eligible purchasers if such individuals own more than 50 percent of all classes of voting stock. Further, their stock may not be subject to any limitations that would impair the eligible purchasers from voting the stock or to any agreement that permits any other person from acquiring voting power.[47] The 106th. Congress adjourned without action on this measure.

National Minority Supplier Development Council's (NMSDC) Definition

NMSDC is a private national minority business development organization that for almost three decades has certified minority businesses to participate in corporate supplier diversity

---

41 S. 3235, 106th Cong. (2000).

42 Id. at § 2(b).

43 Id. at § 48A.

44 Id. at § 3 (amending § 1071, Part V (1)(B) and § 5.

45 Id. at § 3 (amending § 1071, Part V(a)-(c)).

46 Id. at § 4(C).

47 Id. at § 8(D)(i).

programs.[48] The Council certifies businesses that are "owned, operated and controlled by" United States citizens who are Asian, Black, Hispanic American, or Native American. Minorities must own at least 51 percent of the business or its stock, and control management and daily operations. In February 2000, NMSDC added "minority-controlled firms" to those eligible for certification to enable companies to accept equity capital from institutional investors while retaining their minority qualification.[49] According to NMSDC's president, Harriet Michel, the organization's "Growth Initiative" would allow previously certified minority firms to become more competitive by expansion through external financing.[50] Under the initiative, NMSDC certifies on a case-by-case basis firms that create and sell a new class of non-voting stock to "professional institutional investors" approved by the Council's certifying committee. Minority owners, however, must retain at least "30 percent of economic equity" in the firm, control its day-to-day operations, own at least 51 percent of the voting equity, and appoint a majority of the board of directors.[51]

Public Comments

Two commenters submitted written recommendations for the definition of minority ownership. They contend that the FCC's 50 percent equity and voting share benchmarks are unrealistic because minorities rarely can retain that level of equity or voting control when seeking capital to acquire stations made more expensive by industry consolidation.[52] In their view, "control" should be determinative. Accordingly, they propose a definition that would require minorities to own: 1) 50.1 percent or more voting equity; or 2) at least 10 percent of the voting equity, serve as the firm's chief executive officer or general partner, and hold a simple majority on the governing board, regardless of whether the minority board members represent non-minority companies.[53]

---

[48] *The NMSDC Growth Initiative: Increasing growth, Expanding opportunities for Minority Business Enterprises (MBEs)*, (visited Nov. 21, 2000) <http://www.nmsdcus.org/News/THE%20NMSDC%20GROWTH%20INITIATIVE.htm> [Growth Initiative].

[49] *NMSDC Board Approves Equity Capital Initiative*, (visited Nov. 21, 2000) <http://www.nmsdc.org/News/BOARD APPROVES.htm>.

[50] Id.

[51] Growth Initiative, supra n.48.

[52] Reply Comments of the Black Broadcasters Alliance, In the Matter of Notice of Public Meeting and Request for Comment on Minority Media Ownership, NTIA Docket No. 00608169-0169-01 (Aug. 18, 2000) [BBA Reply Comments] at 4; and Reply Comments of New Vision Communications, Inc., In the Matter of Notice of Public Meeting and Request for Comment on Minority Media Ownership, NTIA Docket No. 00608169-0169-01 (Aug. 21, 2000) [New Vision Reply Comments] at 3-4.

[53] BBA Reply Comments at 4-5; and New Vision Reply Comments at 4-5.

During the Minority Ownership Roundtable working group on the topic participants discussed the importance of control in any definition of minority ownership.[54] A participant observed that historically many members of the National Association of Black Owned Broadcasters (NABOB) owned 51 percent of their stations, but the recent emergence of publicly financed companies has resulted in dilution of some companies' minority equity and voting shares. He was confident, however, that minority companies could address control issues when going public, and cited Radio One as an example.[55] A new television operator starting out with no equity described his experience raising capital from banks and venture capitalists, who were willing to give him and other management team members equity totaling between 5 and 20 percent, while retaining the remainder. He agreed that broadcasters seeking special treatment from the government because of their minority status deserve close scrutiny to establish their qualifications for such treatment.[56] A minority station owner with 100 percent ownership expressed concern that relinquishing equity might create an impediment to accomplishing his goals.[57]

The 2000 Report's Definition and Further Considerations

Overall, the various definitions of minority business ownership presented in this section combine equity ownership and control, however manifested, by minorities. NTIA recognizes the merits of such definitions and, after further examination, will determine the level of equity ownership and voting or other control it believes appropriate for minority telecommunications firm owners to possess to participate in NTIA's next survey and other programs. It shares concerns about sham operations and unnecessary dilution of minority ownership and intends to study the issue carefully before revising its definition. In the meantime, this report primarily includes analysis of African American, Asian American, Hispanic American, and Native American broadcasters who reported themselves as sole proprietors of commercial broadcast facilities operating in the United States, as owners of more than 50 percent of a corporation's stock, or as having voting control of a partnership that owns such facilities.[58] The report also includes statistical and other information about owners that NTIA has reason to believe fit its definition based on publicly available information and its past experience with these owners.

However defined, the ownership of broadcast stations by minorities has long been a national policy goal. Diverse and local voices contributing to public discourse is a fundamental element of our democratic society.

---

[54] Roundtable Tr. at 155-56, 158-59 (Remarks of Lois Wright, Inner City Broadcasting); and id. at 160 (Remarks of Jenell Trigg, Fleischman & Walsh, LLP).

[55] Id. at 150-151 (Remarks of James Winston, NABOB).

[56] Id. at 157-158 (Remarks of Lyle Banks, Banks Broadcasting).

[57] Id. at 152 (Remarks of Bernie Foster, Portland, OR).

[58] Data on one publicly traded company, Spanish Broadcasting. See supra n.22.

III. VIEWPOINT DIVERSITY IN A CHANGING INDUSTRY

The Emergence of Broadcast Ownership Diversity As a National Goal

During the radio industry's infancy, the Secretary of Commerce and Labor issued licenses to broadcasters by authority of the Radio Act of 1912.[59] Although the Act's drafters established the licensing scheme, they did not authorize the Secretary to reject license applications under the Act because they failed to anticipate the need to ration radio spectrum.[60] Consequently, the ensuing unregulated growth in radio stations, and broadcasters' self-help efforts to improve their signals by switching frequencies created intolerable interference. The resulting chaos prompted then Commerce Secretary Herbert Hoover to convene four annual conferences of radio industry representatives to encourage them to undertake self-regulation.[61]

In addition, grave concerns arose about monopolization of the airwaves by a consortium of vertically integrated companies. Consortium members General Electric, its RCA subsidiary, and Westinghouse controlled radio equipment manufacturing, while AT&T and Western Electric dominated transmitter equipment production and message transmission. Together, these companies controlled 70 of the 89 radio wavelengths available at the time.[62] Commerce Secretary Hoover expressing his concerns at a radio conference meeting contended,

> " [I]t cannot be thought that any single person or group shall ever have the right to determine what communication may be made to the American people. . . We cannot allow any single person or group to place themselves in the position where they can censor the material which shall be broadcasted to the public."[63]

Congress reacted by passing the Radio Act of 1927, which established a temporary Federal Radio Commission ("FRC") to implement a more stringent licensing scheme and to take actions as the "public convenience, interest, and necessity requires."[64] Accordingly, the FRC awarded licenses

---

59 47 U.S.C. § 51 *et seq*. (1927).

60 Erwin G. Krasnow & Jack N. Goodman, *The "Public Interest" Standard: The Search for the Holy Grail*, 50 Fed. Comm. L. J. 605, 609 (1998).

61 For discussion of these conferences, see *National Broadcasting Co. v. U.S.*, 319 U.S. 190 (1943).

62 Kofi Ofori, Karen Edwards, Vincent Thomas, and John Flateau, *Blackout! Media Ownership Concentration and the Future of Black Radio* at 3 (1997).

63 Id. at n.13 quoting Senator Davis reciting testimony of Secretary of Commerce Herbert Hoover, 68 Cong. Rec 5483 (1926).

64 47 U.S.C. 81 *et. seq*., Pub. L. No. 69-632, 44 Stat. 1162 (repealed by Communications Act of 1934).

as a "privilege" to those it deemed qualified to serve as "public trustees" of the Nation's scarce spectral resources.[65] Several years later, Congress enacted the Communications Act of 1934, the goal of which was "to make available, so far as possible, to *all people of the United States* a rapid, efficient, nation-wide, and world-wide radio communications service."[66] The 1934 Act essentially consolidated the licensing authority and industry oversight of the Secretary of Commerce and FRC in a successor agency, the Federal Communications Commission.[67]

As the new Commission developed broadcast regulations, it also began expressly articulating the industry's responsibility for presenting the voices of the Nation's previously unheard citizens. It issued in 1946 a staff report titled, *Public Service Responsibility of Licensees*, popularly known as the "Blue Book." In attempting to clarify the Commission's view of the public interest standard, staff wrote:

> It has long been an established policy of broadcasters . . .and the [Federal Communications] Commission that the American system of broadcasting must serve significant minorities among our population.[68]

Despite the "long established" policy described in the Blue Book, broadcasters were not including minority viewpoints and ideas among those it aired to the public.

Within three years, however, two African Americans would rectify the absence of minority voices on the airwaves. In 1949, Jesse B. Blayton purchased all of the common stock of Radio Atlanta, which owned WERD.[69] The same year, Andrew "Skip" Carter acquired a license with the help of Kansas Governor Alf Landon who had read Carter's letter in "Broadcasting Magazine" challenging the FCC to issue him a license. Governor Landon also gave Mr. Carter an old radio transmitter, which he repaired, thus enabling KPRS-AM to begin broadcasting a year later.[70]

---

[65] Krasnow, supra n.60, at 4.

[66] 47 U.S.C. § 151 (1934)(Emphasis added).

[67] Id.

[68] *Public Service Responsibility of Broadcast Licensees*, [The Blue Book] (1948) at 15, (reprinted in *Report on Minority Ownership in Broadcasting*, Minority Ownership Task Force Report, Federal Communications Commission, 1978) (Emphasis in original) [FCC Minority Ownership Report].

[69] Antoinette Cook Bush and Marc S. Martin, *The FCC's Minority Ownership Policies from Broadcasting to PCS*, 48 Fed. Comm. L.J. 423, 424 (1996).

[70] Sherman Kizart, *Carter Broadcasting: 50 Years in the Business Keeping the Dream Alive*, Radio Ink 23, 24 (2000).

After almost twenty years of holding comparative hearings to select among mutually exclusive applications to award broadcast licenses, the Commission announced its 1965 Policy Statement on Comparative Broadcasting Hearings. There it reiterated:

> Diversification of control is a public good in a free society, and is additionally desirable where a government licensing system limits access by the public to the use of radio and television facilities.[71]

It justified the policy statement in part on the importance of radio and television stations in providing the public's news and opinions and on the need for the government to avoid concentrating station ownership in a few hands. It noted also the United States Supreme Court's observation that the First Amendment of the Constitution "rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public."[72] Consequently, the Commission listed criteria by which it would evaluate competing applicants in comparative hearings. The criteria included diversification of control of mass media, an owner's full time participation in station operations, the proposed program service, and the applicant's past broadcast record, among other factors.[73]

The year the statement issued, Comint Corporation sought to use it to obtain comparative credit for minority ownership. The Comint applicant group, which included two African American owners with a combined 14 percent interest, filed for a television license in a community with 25 percent minority population. The Commission refused, however, to consider race as a factor in comparative hearings, stating "[B]lack ownership cannot and should not be an independent comparative factor."[74]

Following the racial unrest in 1967, the Kerner Commission appointed by President Lyndon Johnson issued a report identifying reasons for the disturbances and recommending measures to prevent their recurrence. The Kerner Commission *Report of the National Advisory Committee on Civil Disorder* among other things, criticized the media's failure to cover or accurately portray the African American community.[75] In response to the report's findings, the FCC imposed on licensees equal employment and reporting requirements, and prohibited employment discrimination based on race, color, religion or national origin.[76] The Commission believed the regulations were "necessary

---

71 FCC Policy Statement, 1 F.C.C.2d 393 at 394 (1965) [1965 Policy Statement].

72 Associated Press v. United States, 326 U.S. 1, 20 (1943).

73 1965 Policy Statement, supra n.71.

74 Id.

75 Kerner Commission, *Report of the National Advisory Commission on Civil Disorders* (Bantam Books 1968).

76 See 1978 FCC Policy Statement, supra n.2.

to enable the FCC to satisfy its obligation under the Communications Act of 1934 to ensure that its licensees' programming fairly reflects the tastes and viewpoints of minority groups."[77] It also implemented rules obligating each licensee to ascertain "the needs, interests and problems of [its] community" and to present programming responsive to the concerns expressed by community leaders and the general public, including minorities.[78]

By the time the Commission imposed the ascertainment requirements in 1971, it was clear that underrepresentation of minorities in broadcasting was an intractable problem. That year, minorities owned only ten of the Nation's approximately 7500 radio station licenses,[79] although more than twenty years earlier two African Americans had received the first licenses granted to minorities.[80] In 1973, the Commission awarded the first television construction permit to a minority-owned business for WGPR-TV, Channel 62 in Detroit.[81]

Decisions of the D.C. Circuit Court of Appeals during the mid-1970s reflected an understanding that direct Commission action was necessary to promote viewpoint diversity through minority broadcast ownership. Therefore, the court's rulings helped elucidate the rationale for the Commission's authority to pursue the policy goal. The court advised the Commission to make public interest determinations that would support "certify[ing] as licensees those who would speak out with a fresh voice, (which) would most naturally initiate, encourage and expand diversity of approach and viewpoint."[82] In the court's view, broadcast ownership opportunities for previously excluded minorities could augment the public's access to a variety of opinions and ideas. A few years later, in its review of Comint's appeal of the FCC's decision to disallow comparative credit for minority ownership, the appeals court ruled minority applicants should receive additional merit consideration "when minority ownership is likely to increase the diversity of content, especially of opinion and view point."[83] Finally, the court rejected arguments suggesting any broadcaster was capable of presenting minorities' views, stating "[i]t is upon ownership that public policy places

---

77 Id.

78 Ascertainment of Community Problems by Broadcast Applicants, 27 F.C.C.2d 650 (1971). Almost ten years later, the Commission repealed formal ascertainment requirements for commercial radio stations in Deregulation of Radio, BC Docket No. 79-219; although, it reiterated its prohibition on licensees intentional discrimination in programming against minorities by. See Commission Policy Regarding the Advancement of Minority Ownership in Broadcasting, 48 FR 5943 (1982) [1982 FCC Policy Statement] at n.4.

79 Akosua Barthwell Evan, *Are Minority Preferences Necessary? Another Look at the Radio Broadcasting Industry*, 8 Yale L. & Pol'y Rev. 380 (1990).

80 Id. at 18.

81 Bush and Martin, supra n.69, at 424.

82 Citizens Communication Center v. FCC, 447 F.2d 1201, 1213 at n.36 (D.C. Cir. 1971).

83 TV9, Inc. v. FCC, 495 F.2d 929 (D.C. Cir. 1973), cert. denied, 419 U.S. 986 (1974).

primary reliance upon diversification of content; and that historically has proven to be significantly influential with respect to editorial comment and the presentation of news."[84]

The Commission held a conference on minority broadcast ownership on April 25-26, 1977. A conference report by the Commission's Minority Ownership Task Force stated:

> Acute underrepresentation of minorities among the owners of broadcast properties is troublesome because it is the licensee who is ultimately responsible for identifying and serving the needs and interests of his or her audience. Unless minorities are encouraged to enter the mainstream of the commercial broadcasting business, a substantial proportion of our citizenry will remain underserved and the larger, non-minority audience will be deprived of the views of minorities.[85]

When NTIA filed its 1978 petition urging the Commission to adopt a policy advancing opportunities for minority station ownership,[86] minority broadcasters owned a mere forty licenses, or .05 percent of the Nation's approximate 8500 radio stations.[87] Concluding the perspectives of racial minorities remained absent from broadcast programming despite equal employment and ascertainment initiatives,[88] the Commission issued a statement of its policy "commitment to increasing significantly minority ownership of broadcast facilities."[89] It specifically stated an intention to issue tax certificates and approve distress sales to achieve the policy objective.

In September 1981, the Commission created an Advisory Committee comprised of representatives of the financial, telecommunications, and public and private industry sectors. The group's recommendations formed the basis of a 1982 policy statement in which the Commission reaffirmed its 1978 minority ownership policies. The Commission also extended the tax certificate and distress sale programs to include transfers to limited partnerships with minority general partners who exercised complete managerial control over station operations and owned more than 20 percent of the transferee, and to divestitures of interests in minority-controlled entities whenever the subject

---

84 Garrett v. FCC, 168 U.S. App. D.C. 266, 273, 513 F.2d 1056, 1063 (1975).

85 FCC Minority Ownership Report, supra n.68, at 1.

86 See discussion, supra at 1-3.

87 FCC Administration of Internal Revenue Code Sec. 1071: Hearings Before the Subcomm. on Oversight of the House Comm. on Ways and Means, 103d Cong. (1995) (Testimony of William E. Kennard, FCC General Counsel) [Kennard Tax Certificate Testimony].

88 Studies by the United States Commission on Civil Rights in 1977 and 1979 confirmed persistent stereotyping of minorities and women and their underrepresentation on prime time television. Evans, supra n.32, at 386-387.

89 1978 FCC Policy Statement, supra n.2.

transaction furthered minority ownership.[90] The Commission also delegated authority to the Mass Media Bureau to expedite processing and granting of distress sale petitions.[91]

In the midst of a challenge to the Commission's female ownership preference in Steele v. FCC,[92] the agency expressed concern about the legality of both female and minority enhancement credits in comparative hearings. Several United States Supreme Court decisions on affirmative action programs implicated the Commission's race and gender preferences in comparative hearings, as well as the minority tax certificate and distress sale programs. As a result, the Commission initiated a proceeding to reexamine the programs.[93] It mailed questionnaires to all broadcast licensees requesting that they provide information about their racial and gender composition, and programming practices. Congress, however, issued a House Joint Resolution prohibiting the agency from using appropriated funds to repeal, amend or reexamine its programs to enhance mass media ownership by minorities and women.[94] Instead, the FCC sent the survey data to the Congressional Research Service (CRS) for analysis. The service issued a report tentatively concluding station ownership by a particular minority group tends to increase programming directed not only to members of that group, but also to other minorities.[95]

Legislative support for minority ownership continued. Congress next directed the FCC to institute measures to increase diversification of mass media ownership in the new lottery procedure it authorized the Commission to use in awarding licenses and construction permits among competing applicants. An amended Section 309(i) of the Communications Act, which approved lotteries, stated "an additional significant preference shall be granted to any applicant controlled by a member or members of a minority group."[96] House conferees intended that the FCC extend to lotteries the

---

[90] 1982 FCC Policy Statement, supra n.78, at ¶11. For example, the Commission stated it would consider issuing tax certificates to investors providing initial acquisition capital and to those purchasing interests within a year of the license's issuance. Id. ¶ 16.

[91] Id. In a separate proceeding, the Commission declined to adopt an Advisory Committee recommendation to permit seller-creditors to retain a reversionary interest in a broadcast property license. Although the Committee's suggestion was aimed at easing capital constraints for minority broadcast owners, the Commission determined such seller financing would threaten minority purchasers' ability to operate the stations independently. *Commission Policy Regarding the Advancement of Minority Ownership in Broadcasting*, 50 FR 1239 (1985).

[92] 770 F.2d 1192 (D.C. Cir. 1985).

[93] Notice of Inquiry, Reexamination of the Commission's Comparative Licensing, Distress Sales and Tax Certificate Policies Premised on Racial, Ethnic or Gender Classifications, 52 FR 596, 598 (1986).

[94] Jeff Dubin and Matthew L. Spitzer, *Testing Minority Preferences in Broadcasting*, 68 S. Cal. L. Rev. 841, 847 n. 30. Congress continued the restriction every year at least through 1995. See Kennard Tax Certificate Testimony, supra n.84.

[95] Id. at 847-848. *See* Congressional Service Report 21 (June 29, 1988).

[96] 47 U.S.C. § 309(i)(3)(A) (2000).

minority preferences it used in comparative hearings, although not necessarily to duplicate them.[97] The Commission's lottery authorization expired on July 1, 1997, however.[98]

A challenge to the Commission's minority enhancement credit in comparative hearings, as well as to the distress sale program reached the United States Supreme Court in Metro Broadcasting, Inc. v. FCC.[99] The Court, using an "intermediate scrutiny test," ruled the Commission's goal of "enhancing broadcast diversity" was an "important government objective." Such an important government interest justified the agency's use of race-based affirmative action programs to accomplish the objective even though the measures were not remedies for past discrimination. The Court relied on evidence suggesting an owner's minority status had "specific impact on the presentation of minority images in local news [in that] minority owned stations tend to devote more news time to topics of minority interest and to avoid racial and ethnic stereotypes in portraying minorities."[100] Acknowledging differences may exist between programming by minorities and non-minorities, the Court upheld the FCC preference programs.

In 1993, a federal appeals court ruled the factors the Commission used in comparative hearings, including those related to race and gender, were "arbitrary and capricious."[101] Consequently, the Commission suspended all comparative hearings.[102] The same year, Congress passed an Omnibus Budget Reconciliation Act, which again amended the Commission's license award authority to add competitive bidding as a method of broadening spectrum ownership. The Act required the FCC to prescribe regulations for the new bidding process that would promote "economic opportunity for a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women."[103]

In the first application of its new authority, the Commission established eligibility rules for an auction of broadband Personal Communications Service ("PCS") licenses for mobile telephone service. It designated spectrum in C and F blocks exclusively for "entrepreneurs" or small

---

97 H.R. Conf. Rep. No. 97-765, at 40 (1982).

98 47 U.S.C. § 309(i)(5)(A) (2000).

99 497 U.S. 547, 567-568 (1990).

100 Id. at 581. See Leonard M. Baynes, *Life After Adarand: What Happened to the Metro Broadcasting Diversity Rationale for Affirmative Action in Telecommunication Ownership?*, 33 U. of Mich. J. of L. Reform 87, 103 (Fall 1999 and Winter 2000).

101 Bechtel v. FCC, 10 F.3d 875, 887 (D.C. Cir. 1993).

102 Modification of FCC Comparative Proceedings Freeze Policy, Public Notice, 9 F.C.C. Rcd. 6689 (1994).

103 47 U.S.C. § (309)(j)(4)(C)(ii), as amended.

businesses meeting certain criteria, and allowed companies too large to qualify as bidders to hold 75% equity stakes in these small businesses. Additionally, the Commission awarded entrepreneurs a 10 percent bidding credit and devised an installment payment plan.[104] Minority and women owned businesses received more favorable terms under the rules the Commission adopted in accordance with the Budget Act's requirement to enhance opportunities for their participation. Therefore, minorities and women bidders could have a passive, nonvoting investor contribute 49 percent of the bidder's equity. They were also eligible for a 15 percent bidding credit, tax certificates, and more liberal installment payment terms than other small businesses.[105]

Just days before the FCC's filing deadline for C block auction applications, the Supreme Court announced in Adarand Constructors v. Pena[106] a strict scrutiny test to evaluate the constitutionality of government affirmative action programs. The Court held that federal race-based programs must be "narrowly tailored measures that further compelling governmental interests."[107] Thus, the Court in Adarand overruled the intermediate scrutiny review standard it used in Metro Broadcasting, and remanded the case to the lower court. The district court then interpreted the Supreme Court ruling as recognizing only remedying past discrimination as a compelling government interest that satisfied strict scrutiny's higher burden. Therefore, it is unclear whether the Commission's viewpoint diversity rationale for its minority and women ownership policies serve a compelling government interest.[108]

The Commission responded quickly to the Adarand ruling by extending to all small businesses the favorable terms previously reserved for minority and women-owned firms.[109] The appellate court in Omnipoint sustained the agency's actions, stating "the Commission, in adopting rules that eliminated race-and gender-based preferences by leveling benefits upward, did not act arbitrarily or capriciously"[110] The Commission has not, however, reinstituted special provisions to encourage minority or women-owned businesses to participate in auctions. Instead, it relies on race-

[104] Omnipoint Corp. v. FCC, 78 F.3d 620, 626 (D.C. Cir. 1995), citing In Re Implementation of Section 309(j) of the Communications Act–Competitive Bidding, [Fifth Report and Order], 9 F.C.C.R. 5532 (1994) [Fifth R & O] at ¶¶ 160-62, 130-47, on recon., Fifth Opinion and Order, 10 F.C.C.R. 403 (1994) [Fifth M & O].

[105] Id.

[106] 515 U.S. 200 (1995).

[107] Id. at 227.

[108] *Federal Communications Commission Staff Executive Summary*, (Dec. 12, 2000)(FCC Staff Executive Summary) at 1 <http://www.fcc.gov/opportunity/meb_study/staff_execitive_summary.pdf> (visited Dec 12, 2000); Baynes, supra n. 96, at 104.

[109] Omnipoint v. FCC, 78 F.3d 620, 627 (D.C. Cir. 1995).

[110] Id. at 637.

neutral rules to facilitate bidding by small businesses, including those owned by women and minorities.[111]

In other efforts to maximize viewpoint diversity by increasing minority ownership, the Commission initiated a proposed rule making requesting comments on several suggestions. These included, among other things, a program for minorities and women that would offer incentives for mass media companies to assist new entrants; modifications of the broadcast ownership attribution rules to increase investment in minority and women controlled properties; relaxation of station ownership limits for minorities and women; expansion of the tax certificate program to permit minorities to sell to non-minorities but reinvest proceeds in a more valuable mass media business, and data collection on FCC broadcast ownership forms about the involvement of minority and women.[112]

Only a few months after the Commission announced its rule making on minority and women telecommunications ownership, Congress repealed the Commission's minority tax certificate program.[113] During the period between 1978 and March 1995, the Commission issued 359 tax certificates to promote minority ownership in broadcasting. Of these, 285 certificates involved radio station sales, 43 involved television deals, and 31 involved cable television transactions.[114] NTIA opposed outright abolition of the tax certificate program because it helped minorities to accumulate capital for station purchases, and would thereby increase the diversity of voices heard by the American public.[115] Repeal of the tax certificate and the subsequent Adarand decision greatly curtailed the Commission's ability directly to increase the variety of opinions and perspectives available to the public through mass media ownership by minorities and women.

These developments prompted the Commission to reexamine its telecommunications ownership programs for minorities and women to determine whether it has a compelling state interest under Adarand's strict scrutiny standard to justify the programs.[116] The Commission

---

111 See Report, In the Matter of Section 257 Report to Congress Identifying and Eliminating Market Entry Barriers for Entrepreneurs and Other Small Businesses, FCC 00-279, 15 F.C.C.R. 15376 (rel. Aug. 10, 2000) [2000 Entry Barriers Report] at ¶ 87.

112 Notice of Proposed Rule Making, In the Matter of Policies and Rules Regarding Minority and Female Ownership of Mass Media Facilities, MM Docket Nos. 94-149 and 91-140 (1995) <http://www.fcc.gov/Bureaus/Mass_Media/Notices/fcc94323.txt> at ¶9.

113 2000 Entry Barriers Report, supra n.107, at n.131, citing Self-Employed Health Insurance Act of 1995, Pub. L. No. 104-7 § 2, 109 Stat. 93 (1995).

114 FCC's Tax Certificate Program: Hearings Before the Senate Committee on Finance, 104th Cong. (1995) [Senate Tax Certificate Hearings] S. Hrg. 104-400. [testimony of William Kennard, General Counsel, FCC].

115 Id. at 139 of Larry Irving, Asst. Secy. for Communications and Information, NTIA).

116 FCC Staff Executive Summary, supra n.108, at 1.

contracted for six studies under Section 257 of the Telecommunications Act of 1996, which obligates it to identify and remove market entry barriers for small telecommunications firms and businesses owned by minorities and women, and under Section 309(j) of the Communications Act of 1934,[117] which requires it to advance opportunities for minorities, women, and small businesses to participate in allocations for spectrum-based services.[118] The studies were designed to assess the sufficiency of viewpoint diversity and government remediation of past discrimination compelling government interests to justify race and gender specific affirmative action programs.

One of the recently released studies[119] probed the nexus between the race or ethnicity of broadcast owners and the programming content they provide to evaluate the viewpoint diversity rationale for race-based programs. In "*Diversity of Programming in the Broadcast Spectrum: Is There a Link between Owner Race or Ethnicity and News and Public Affairs Programming*,"[120] researchers found empirical evidence of such a link. Minority owned radio stations and, to a lesser extent, television stations tended to select a format that appealed to a minority audience and delivered more news and public affairs programming focused on minority interests. Minority radio stations also reported more diversity among on-air talent, and greater integration and involvement of their owners in operations.[121] The researchers concluded that their findings "support Federal Communication Commission policies to increase numbers of minority owners and staffers in broadcast stations, a practice long-assumed to increase diversity within the broadcast spectrum."[122]

---

[117] 47 U.S.C. § 309(j) (2000).

[118] FCC Staff Executive Summary, supra n.108 at 1.

[119] The Commission issued five studies on Dec. 12, 2000. Four of them examined the remedial rationale, and included: KPMG LLP Economic Consulting Services, *Study of the Broadcast Licensing Process*, consisting of three parts: *History of the Broadcast License Application Process; Utilization Rates, Win Rates, and Disparity Ratios for Broadcast Licenses Awarded by the FCC;* and *Logistic Regression Models of the Broadcast License Award Process for Licenses Awarded by the FCC* (Nov. 2000); Ernst & Young, LLP, *FCC Econometric Analysis of Potential Discrimination Utilization Ratios for Minority and Women-Owned Companies in FCC Wireless Spectrum Auctions (*Dec. 5, 2000); William D. Bradford, *Discrimination in Capital Markets, Broadcast/Wireless Spectrum Service Providers and Auction Outcomes* (Dec. 5, 2000); and Ivy Planning Group LLC, *Whose Spectrum Is It Anyway?: Historical Study of Market Entry Barriers, Discrimination and Changes in Broadcast and Wireless Licensing 1950 to Present* (Dec. 2000). In addition, last year the Commission released the first of the market entry barrier studies, which was titled *When Being No. 1 Is Not Enough: The Impact of Advertising Practices on Minority-Owned and Minority-Formatted Broadcast Stations* by Kofi Ofori, Civil Rights Forum on Communications Policy (Jan. 1999).

[120] Christine Bachen, Allen Hammond, Laurie Mason, and Stephanie Craft, Santa Clara University, submitted to the FCC, Office of Communications Business Opportunities, (1999).

[121] Id. at i and 37.

[122] Id. at i.

The Changing Broadcast Industry

Multiple Ownership Rules

In the almost seventy years between passage of the Radio Act of 1927[123] and enactment of the Telecommunications Act of 1996,[124] the broadcast industry has restructured in response to market conditions and government policy. As discussed in the preceding section, the Commission's determination to promote viewpoint diversity by expanding the number of owners motivated its early rules. Accordingly, in 1938, the Commission adopted a strong presumption against duopolies resulting from common ownership of more than a single station in a community. Two years later, the Commission barred duopolies with a rule prohibiting a single network from owning two AM stations in the same market.[125] It also set a national limit of six FM and three television stations under common ownership.[126] The Commission intended the rules to promote competition and foster dissemination of diverse views by dispensing licenses to distinct owners.[127] In 1946, the Commission created a limit of seven commonly owned AM stations.[128]

By the mid-1950s, the number of broadcast stations had grown. Therefore, the Commission relaxed its rules to permit a single entity to own seven AM, seven FM, and five television stations.[129] In 1954, justifying its actions on a desire to enhance programming choices and prevent anticompetitive concentration of economic power, the Commission increased by two the number of television stations it allowed under common ownership. The resulting restriction became know as the "Seven Station Rule" because it allowed owners to amass seven stations in each service, although it proscribed VHF television station ownership at no more than five.[130]

---

123 44 Stat. 1162 (1927)(repealed 1934).

124 47 U.S.C. ¶ 152 et. seq.

125 See Biennial Review Report, In the Matter of 1998 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, 15 F.C.C. Rcd.11058 (2000) [1998 Biennial Report] at ¶ 40.

126 Report and Order, In the Matter of Amendment of Section 73.3555, [formerly Sections 73-35, 73.240, and 73.636] of the Commission's Rules Relating to Multiple Ownership of AM, FM and Television Broadcast Stations, Gen. Docket No. 83-1009, 100 F.C.C. 2d 17 (1984) [1984 Multiple Ownership R&O] at ¶ ¶ 12-14.

127 Id.; 1998 Biennial Report, supra n.122, at ¶ 40.

128 1984 Multiple Ownership R&O at ¶ 15.

129 Id. ¶ 16.

130 Id. ¶¶ 16-17.

The Commission decided in 1964 to ban common ownership of radio stations with overlapping signals close enough for a substantial number of listeners in the market to receive both signals. It reasoned that stations so closely situated would compete with each other if owned by different firms, and that the prohibition would minimize the likelihood of one person or group dominating political and editorial opinions in a region.[131]

More than thirty years after adoption of the "Seven Station Rule," the Commission initiated a proceeding to assess the rule, although the agency did not disturb the duopoly prohibition or the One-to-a-Market Rule.[132] In 1984, the FCC proposed to increase from seven to 12 the national ownership limits in each service during a six-year transitional period, after which the rule would expire and national ownership limits would disappear. The Commission noted dramatic changes in the broadcasting industry, especially the extraordinary growth in the number and types of mass media outlets at the public's disposal. For example, between 1953 when the Commission adopted the Seven Station Rule and 1984, AM stations increased from 2,458 to 4,747; FM stations rose from 686 to 4,717; and TV stations grew from 199 to 1,169.[133] In addition, the Commission found the diverse programming and information sources offered by cable, multipoint distribution services ("MDS"), direct broadcast satellite ("DBS"), satellite television, ("STV"), low power television, newspapers, opinion magazines, and books also contributed to viewpoint diversity in the market.[134]

The Commission also concluded that the market for ideas was primarily local. To the extent the market was national, the FCC considered the market to be sufficiently diverse such that elimination of the Seven Station Rule would not adversely affect the national market. The Commission also perceived no danger to competition from economic concentration. Rather, it believed efficiencies could result from the rule's repeal and group owners could contribute to viewpoint diversity through the "quantity and quality" of their public affairs programming.[135] Unpersuaded by commenters' concerns that the proposed rule change would adversely affect minority ownership by raising station prices to unattainable levels, the Commission determined that a lack of capital was the primary barrier to minority ownership.[136] In its view, neither the Seven Station Rule[137] nor the 12 station rule would render station prices within reach of prospective

[131] 1998 Biennial Report, supra n.125, at ¶ 41.

[132] 1984 Multiple Ownership R&O at ¶ 2.

[133] Id. ¶ 34.

[134] Id ¶ 30.

[135] Id. ¶ 108.

[136] Id. ¶ 93.

[137] "[T]he Seven Station Rule was not designed to foster minority ownership in the broadcasting industry and has not yielded such an effect." Id.

minority owners. The high cost of stations was no more likely to disadvantage minority owners than other small owners. Accordingly, the Commission stated it would focus its efforts on ensuring that financing was available to minority owners on the same terms as other owners.[138]

On reconsideration, the Commission, at the urging of the National Black Media Coalition and the Motion Picture Association of America, adopted specific incentives in the final version of the 12 station ownership rule. Although the FCC repeated that the multiple ownership rules were not the "primary vehicle" by which the Commission promoted minority ownership, it adopted rules to encourage that end.[139] Therefore, the Commission increased the ownership limit to 14 for anyone acquiring a cognizable interest in at least two minority owned and controlled broadcast stations.[140] Within the context of the multiple ownership rules, the Commission established "a greater than 50 percent minority ownership interest as an appropriate and meaningful standard for permitting increases to the rules" it was adopting.[141] It also increased the newly imposed audience reach cap as measured by Arbitron Areas of Dominant Influence ("ADI") rankings from 25 percent generally to 30 percent for owners with cognizable interests in minority stations, so long as the minority controlled stations contributed at least 5 percent to the station group's aggregate reach.[142] Finally, the Commission decided against an automatic expiration of the national ownership rules after six years.[143]

Further changes in the radio market led the Commission to increase the national ownership caps, liberalize local market limits, and modify time brokerage policies in 1992.[144] With a dramatic 39 percent growth between 1980 and 1991 in FM stations from 4,374 to 6,077, and an increase in AM stations from 4,589 to 4,985 during the same period, the Commission observed that the industry had become more diverse, competitive, and fragmented.[145] Greater numbers of stations, slower revenue growth, and increasing programming, sales, and general and administrative costs, resulted in sharp declines in operating margins for the average radio station during the five-year period from

---

138 Id. ¶ 94.

139 Memorandum and Order, In the Matter of Amendment of Section 73.3555, [formerly Sections 73-35, 73.240, and 73.636] of the Commission's Rules Relating to Multiple Ownership of AM, FM and Television Broadcast Stations, 100 F.C.C. 2d 74 (1985) [1985 Multiple Ownership M & O] at ¶53.

140 Id. ¶ 45.

141 Id. ¶ 46.

142 Id. at ¶ 45. Recognizing the power limitations of UHF signals, the Commission "discounted" by 50 percent the theoretical Arbitron ADI reach for purposes of determining these stations' compliance with the 25 percent national audience penetration limit. Id. at ¶ 52.

143 Id. at ¶ 53.

144 Report and Order, In re Revision of Radio Rules and Policies, 7 F.C.C.R. 2755 (1992) at ¶ 3.

145 Id. ¶ 4.

1987 to 1992.[146] Under the circumstances, the Commission concluded that the industry's ability to serve the "public interest" was directly related to broadcasting's economic viability, which the agency determined was "substantially threatened." Small stations with sales less than $1 million were particularly hard hit.[147] Predicting that the trend's reversal was unlikely, the Commission initially raised the national ownership limits to 30 AM and 30 FM stations,[148] but on reconsideration modified the proposal to allow a single entity to own as many as 18 radio stations in each service, with an escalation to 20 AM and 20 FM stations after two years.[149]

As with the 1985 amendment to the national ownership caps, the Commission included an incentive for investments in minority owned broadcast stations. It permitted entities to obtain a non-attributable interest in an additional three stations if minorities or small businesses owned them. The Commission extended the incentive to small businesses because limited capital access also prevented non-minority small business owners from entering the broadcast industry.[150] The agency also solicited comments on a proposal to authorize owners to exceed the established national ownership limits if they set up and operated successful incubator programs for small businesses or individuals, particularly minorities, seeking to enter the broadcast industry. The proposal required owners to demonstrate an ongoing commitment to advancing ownership diversity before they could obtain attributable interests above the applicable caps.[151]

The Commission also relaxed the local ownership restrictions to permit broadcasters to realize "significant economies . . .from joint operations in the same market," so owners could cluster stations strategically to compete more effectively in the marketplace.[152] Therefore, in markets with 15 or more stations, the new rules authorized entities to own duopolies consisting of two AMs and two FMs in the same market if the stations' combined audience share did not exceed 25 percent. In markets with less than 15 stations, broadcasters could own up to three stations if they accounted for less than 50 percent of the total number of stations. Only two of the stations could share the same service, however.[153]

---

146 Id. ¶ 7.

147 Id. ¶¶ 9-10.

148 Id. ¶ 30.

149 Memorandum and Order and Further Notice of Proposed Rule Making, In re Revision of Radio Rules and Policies, 7 F.C.C.R.6387 (1992) at ¶ 14.

150 Id. at ¶¶ 14 and 17.

151 Id. at ¶ 22.

152 Id. at ¶ 27.

153 Id. at ¶ 32.

In a second reconsideration of its radio rules and policies, the Commission generally affirmed the rules just described, which it adopted in the first reconsideration order. The second order again lifted the national radio ownership limits to permit minority owners to hold controlling interests in an additional five stations, and non-minority broadcasters to acquire non-controlling interests in as many stations for a total of up to 25 stations per service.[154] Over the objections of several organizations representing minority broadcasters and consumers, which had expressed concerns about industry consolidation, the Commission based its action on a contrary belief that "further national consolidation is appropriate."[155] It reasoned that expansion of the ownership rules could heighten competition, allow minorities to own more stations, and increase the incentive for large group owners to invest in stations owned by minorities or small businesses.[156] The Commission found unpersuasive arguments opposing the small business incentive because of fears that the incentive was a loophole that invited abuse and that its use would undermine the agency's efforts to increase minority ownership.[157] Therefore, it declined to repeal the small business incentive.[158]

The Telecommunications Act of 1996 and the Aftermath of Consolidation

The broadcast industry's gradual deregulation began in 1954 with the Seven Station Rule and culminated with the Telecommunications Act of 1996. By that measure, Congress directed the Commission to remove the limits on the number of radio or television stations under common ownership nationally, and increased the national audience reach for television duopolies from 25 to 35 percent.[159] Elimination of the national radio ownership caps "by necessity" resulted in the Commission's repeal of the provisions to encourage investment in minority owned stations through a two-station allowance in the caps for such investments.[160] Section 202(b) of the Act again relaxed local rules by establishing tiered ownership limits based on a market's total number of stations.[161] Accordingly, the Commission adopted rules that allow combinations of: (1) up to 8 stations (with 5 or less are in the same service) in markets of more than 45 commercial radio stations; (2) up to 7 stations (with 4 or less are in the same service) in markets of 30 to 44 commercial stations; (3) up

154 Second Memorandum and Order, In re Revision of Radio Rules and Policies, 9 F.C.C.R.7183 (1994) at ¶ 48.

155 Id. at ¶ 46.

156 Id. at ¶¶ 45-46.

157 Id. at ¶ 44.

158 Id. at ¶ 47.

159 Pub. L. No. 104-104, 110 Stat. 56 at 111 (1996).

160 Order, In the Matter of Implementation of Sections 202(a) and 202(b)(1) of the Telecommunications Act of 1996 (Broadcast Radio Ownership), 47 C.F.R. 73.3555, 11 F.C.C. Rcd. 12368 (1996) at ¶ 2.

161 110 Stat. 56, supra n.159, at 110.

to 6 stations (with 4 or less are in the same service) in markets of 15 to 29 commercial stations; and (4) up to 5 stations (with 3 or less are in the same service) in markets of 14 or fewer commercial radio stations in which no entity controls more than half of the in markets' stations.[162]

The Commission also relaxed the "One-To-A-Market Rule," which generally prohibited common ownership of radio and television stations in the same market. It did so to enhance the benefits of television and radio cross ownership. Under the new rule, a single owner may own, operate, or control combinations of up to seven radio stations and one television station in the market, depending on the number of independently owned media voices remaining in the market after the merger.[163] At the same time, the Commission modified its local television ownership rule to narrow its geographic scope from grade B contours to DMAs, thus permitting common ownership of stations to operate in separate DMAs, two stations in the same DMA if no grade B contour overlap exists, or if eight independently owned stations remain in the market post-merger, and one of them is not among the four top-ranked in the market.[164] Finally, in a related proceeding, the Commission determined for purposes of its multiple ownership rules to attribute time brokerage of another television station to a brokering station in the same market when the brokering station supplies more than 15 percent of the brokered station's weekly broadcast hours. The Commission adopted for television an attribution rule similar to one it applies to radio stations time brokerage, which are also known as local marketing agreements[165]

Since passage of the 1996 Act, the broadcast industry has experienced intense activity and consolidation. From 1995 to 1996, the FCC reported that television and radio station transfers totaling $25.362 billion grew in dollar terms by 121 percent for TV, 283 percent for FMs, and 99 percent for AMs.[166] Industry concentration increased as the number of owners declined nationally by 11.7 percent from March, 1996 to November, 1997. Mergers among existing owners resulted in a decrease from 5,105 to 4,507 owners during the period, despite a 2.5 percent increase in the number of radio stations.[167] Similarly, local markets lost an average of one owner per market, with

---

162 47 C.F.R. § 73.3555(a)(1) (2000).

163 Report and Order, In the Matter of the Commission's Regulations Governing Television Broadcasting and Television Satellite Stations Review of Policy and Rules, 14 F.C.C.Rcd 12,903 (1999) [Local TV Order] at ¶ 100.

164 Id. at ¶ 47.

165 Report and Order, In the Matter of Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests, Review of the Commission's Regulations and Policies Affecting Investment in the Broadcast Industry, and Reexamination of the Commission's Cross Interest Policy, consolidated, 4 F.C.C.Rcd 12,559 (1999) [TV Attribution Order] at ¶ 83-84.

166 Id. at ¶ 14.

167 See Notice of Inquiry, In the Matter of 1998 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, 13 F.C.C.Rcd 11276 (1998) at ¶ 18. More recently, the Commission has reported

top 10 markets averaging three exiting owners per market. The remaining top owners in each Metro market generally accounted for a larger share of advertising revenue, however. For example, FCC staff calculated that the top four owners in each Metro market represented 90 percent of advertising revenue compared to 80 percent in March 1996.[168] They also observed consolidation's positive affect on the financial health of publicly traded radio companies.[169]

Between 1995 and 1996, the number of broadcast station transactions increased from 849 to 1115. By comparison, 1067 transactions totaling $23.44 billion occurred in 1997, 952 transactions valued at $22.8 billion occurred in 1998, and 774 deals worth $33.32 billion occurred in 1999.[170] Clear Channel Communication's $23.5 billion acquisition of AMFM, Inc.'s 124 AM and 318 FM stations in 97 ranked and 14 unranked markets accounted for about 70% of the value of all the transactions announced in 1999.[171]

As of mid-December 2000, a reported 449 television and radio transactions worth $7.017 billion occurred during the year. Of those, 35 were television deals, 122 involved AM stations, and 183 related to FM station transfers.[172] Many of the radio transfers involved Clear Channel Communications, Inc., the Nation's largest radio group owner, which divested 108 stations to gain regulatory approval of its purchase of AMFM.[173] Just since August, 2000, Clear Channel has announced plans to buy at least 55 new stations by the end of 2000 to obtain tax deferment for the $4.3 billion proceeds it received from the spinoffs.[174]

The Commission released in June 2000 its statutorily mandated review under the 1996 Act of whether certain broadcast rules were necessary in the public interest as a result of competition. It concluded that television industry consolidation was occurring under the 35 percent audience cap raised by the 1996 Act. Accordingly, the Commission declined to increase the limits further,

---

a 12.1 percent decline in the number of radio station owners from 5,133 to 4,512, although the time period of the decline is unclear. See Local TV Order supra, n.160 at ¶ 38.

168 Id. ¶ 19.

169 Id. ¶ 20.

170 Elizabeth A. Rathbum, *Station Trading Shows*, Broadcasting & Cable, at 32, Feb. 14, 2000.

171 Id. at 32, and 38.

172 *Changing Hands*, Broadcasting & Cable, at 35, Dec. 18, 2000.

173 Elizabeth A. Rathburn, *It's Clear He's Still a Buyer*, Broadcasting & Cable, at 7, Sept. 25, 2000.

174 *Special Report, Dealing for (Mucho) Dollars*, Broadcasting & Cable, at 54, Oct. 23, 2000. The article reported that at the time of its publication, "[t]here now are 1,125 radio stations owned, operated or being acquired by the San Antonio-based company, Clear Channel."

preferring instead to monitor the impact of the new rules on diversity and competition.[175] It also determined to initiate separate rule making proceedings on modifications to the dual network rule to permit common ownership of an established and an emerging television network, the newspaper/broadcast cross ownership rule, as well as the definition of local radio markets and the method of calculating station ownership in the application of the Commission's ownership rules.[176] As part of this biennial review, the Commission assessed the continued efficacy of the local radio ownership rules, and determined that the rules serve the public interest. It stated:

> In view of the large-scale consolidation in the radio industry, we believe that the existing local radio ownership limitations remain necessary to prevent further diminution of competition and diversity in the radio industry. It appears that while there may have been a number of salutary effects flowing from the consolidation that has taken place since 1996, largely in financial strength and enhanced efficiencies, it cannot be said that consolidation has enhanced competition or diversity, and indeed, may be having the opposite effect. There currently are hundreds of fewer licenses than there were four years ago and, in many communities, far fewer radio licensees compete against each other.[177]

Many minority broadcasters believe that the consolidation wrought by the 1996 Act's less stringent ownership rules has in fact decreased competition and diversity. NTIA has consistently heard from minority owners about consolidation's detrimental impact on their ability to compete effectively against better financed non-minority group station owners.[178] During NTIA's Minority Ownership Roundtable, panel participants decried the adverse effects of consolidation on minority ownership.[179] Relaxation of the ownership rules and consolidation have contributed to higher broadcast station prices.[180] The skyrocketing prices, in some instances up to 20 times or more the

---

[175] 1998 Biennial Report, supra n.125, at ¶ 26 -28. NTIA opposed increasing the national audience cap for television ownership because of worries about the possible "collateral effect of creating financial incentives that may force small and minority-owned businesses out of the marketplace." It also expressed concern about diminished programming diversity resulting from the loss of separately owned stations presenting unique editorial viewpoints. Ex Parte Letter to Chairman William E. Kennard, in MM Docket Nos. 91-221 and 98-35, from Larry Irving, Asst. Sec'y for Communications and Information, NTIA (Feb. 12, 1999) at 7-8.

[176] 1998 Biennial Report at ¶ 4. The Commission issued a notice of proposed rulemaking on December 6, 2000 seeking comment on the definition of local radio markets. *FCC Proposes Changes in Defining Commercial Radio Markets,* MM Docket No. 00-244, FCC News Release (Dec. 8, 2000) <http://www.fcc.gov/Bureaus/Mass_Media/News_Releases/2000/nrmm0045.html> (visited Dec. 10, 2000).

[177] 1998 Biennial Report, supra n.125 at ¶ 59.

[178] 1998 MTDP Report at 3; and 1997 MTDP Report at 9.

[179] See e.g Roundtable Tr., supra n.17, at 51 (Remarks of Roel Campos, El Dorado Communications, Inc.).

[180] Id. at 8 [Remarks of Allen Hammond, Santa Clara University School of Law].

amount of a station's actual cash flow,[181] have exacerbated minority broadcasters' historic difficulty accessing sufficient capital for entry or expansion.[182]

Even minority entrepreneurs with capital find it difficult to find desirable properties,[183] obtain programming,[184] and generate reasonable advertising revenues.[185] An African American former station owner explained how consolidation in the Syracuse radio market resulted in two large radio groups capturing 85 percent of the advertising revenue in that market. He and another black single station owner found it impossible to compete against Clear Channel Communications Inc. and Citadel Communications Corp.[186] Ultimately, the difficulties they experienced forced both minority owners to sell their respective stations, thus leaving African Americans in Syracuse without service directed to their community's specific needs.[187]

Other panelists echoed concerns about the loss of diverse sources of information relevant to minority communities and the lack of outlets for local issues.[188] Some feared without media ownership, minorities are virtually powerless to present positive images of their communities.[189] Native Americans, who are the least represented minorities among broadcast owners, could use the power of mass media to improve community building, self-determination, and preservation and protection of cultural identity.[190] Industry consolidation, and the demographics of Native American communities make commercial broadcasting of tribal formats infeasible, however. As a result, Native Americans usually rely on non-commercial station ownership to serve their communities.[191]

---

[181] Id. at 63-64 [Remarks of James Winston, National Association of Black Owned Broadcasters].

[182] See, id. at 41 [Remarks of Lyle Banks, Banks Broadcasting, Inc.], id at 64-65 [Remarks of Ginger Lew, Telecommunications Development Fund (TDF)]. Legislators created TDF under the 1996 Telecommunications Act with the hope of increasing minority broadcast ownership. The fund's current $25 million capitalization is insufficient, however, for station investments in current market conditions.)

[183] Id. at 15-16 (Remarks of Eddie Edwards, Glencairn Ltd.); id. at 16 (Remarks of Jenell Trigg, Fleischman & Walsh, LLP).

[184] Id. at 41 (Banks Remarks).

[185] Id. at 17-18 (Trigg Remarks), and id. at 19 (Campos Remarks).

[186] Id. at 132-135 (Remarks of Merrill "Butch" Charles, former owner of WHCD-FM); *NTIA Finds Minority Ownership Dwindling*, Broadcasting & Cable, at 18, July 24, 2000.

[187] Roundtable Tr. at 182 (Charles Remarks).

[188] Id. at 179 (Edwards Remarks).

[189] Id. at 74-77 (Remarks of Jacqueline Kong, HotPopTV.com).

[190] Id. at 24-25 (Remarks of Kade Twist, Benton Foundation).

[191] Id. at 22-23 (Remarks of James Casey, Greenberg Traurig, LLP).

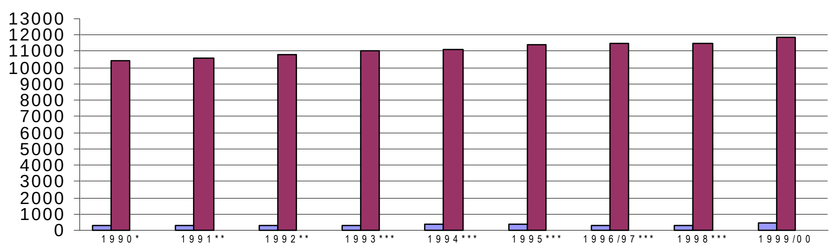
IV. CHALLENGES OF CONSOLIDATION

The Data Story for Minority Owners

Industry Overview

Since 1990 when MTDP began monitoring minority commercial broadcast ownership in the United States, African Americans, Asian Americans, Hispanic Americans, and Native Americans have consistently been underrepresented among the Nation's commercial broadcast owners. In 2000, 187 minority broadcasters owned 449 full power commercial radio and television stations, or 3.8 percent of the 11,865 such stations licensed in the United States. Ranging from a low of 2.7 percent in 1991 to a high of 3.8 percent in 2000, minorities' ownership of commercial broadcast facilities has remained far below their estimated 29 percent representation in the U.S. population according to 2000 U.S. Census figures. Even with a 13 percent increase in the number of owners from figures MTDP reported in 1998, 0.9 percentage points has been added to the minority share of stations in ten years' time.[192] Between 1990 and 1995, minority station ownership increased slowly, reaching 350 stations in 1995. The next year, after Congress repealed the tax certificate and distress sale programs, and relaxed station ownership limits in the Telecommunications Act of 1996, the number of minority-owned stations dropped by 28. (See Chart IV-1)

Chart IV-1 Total Radio and Television Stations
Minority vs. U.S., 1990-2000



	1990*	1991**	1992**	1993***	1994***	1995***	1996/97***	1998***	1999/00
Minority	301	304	310	322	343	350	322	337	449
U.S.	10401	10616	10834	11021	11128	11412	11475	11524	11865
Minority % of U.S.	2.9	2.7	2.9	2.9	3.0	3.0	2.8	2.9	3.8

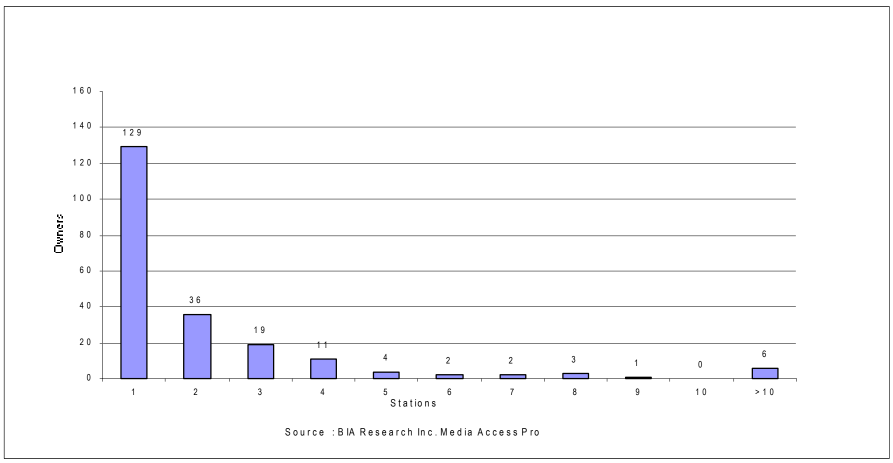
Source: NTIA's MTDP Reports, * 1991 Report, ** 1993 Report, ***1998 Report

---

[192] There may be an encouraging trend manifesting in the 33.8% increase in the number of minority broadcast stations between 1998 and 2000. Although about half of the increase since 1998 is the result of MTDP's use of an improved methodology that identified more minority owners, particularly Hispanic American broadcasters, the remaining half still marks the largest annual increase in the past years. Nevertheless, many more years of rapid growth would be necessary to make up for the underrepresentation of minorities in broadcast ownership and control.

While the broadcast industry's strong performance in recent years[193] has benefitted someinority owners, and may explain an increase in their number, consolidation still threatens the survival of most minority owners, who as primarily single station operators[194] find it difficult to compete against large group owners.[195] (See Chart IV-2) Based on minority population growth predictions and estimates that by 2045, minorities may account for about one-third of the Nation's disposable income compared to one-fifth in the year 2000, [196] minority broadcasters who can endure consolidation will have a larger, more affluent audience in coming years. However, large non-minority group owners are also finding certain minority audiences attractive and are competing aggressively for them.[197]

Chart IV-2 Number of Broadcast Stations per Minority Owner, 2000



193 *Veronis Suhler Releases Its Media Scorecard: 18th Annual Communications Industry Report*, Business Wire, November 13, 2000.

194 1998 MTDP Report, supra n. 11. In 1998, two-thirds of minority commercial radio station owners possessed just one station. In 2000, 107 or 61% had only one station.

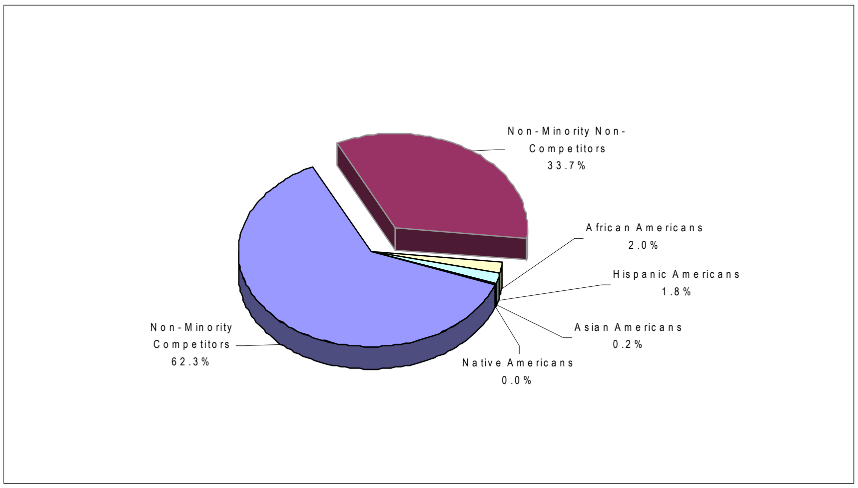
195 Thomas J. Bruno, *State of the Radio Industry*, BIA, Inc., May 1999 at 13.

196 Minority Business Development Agency, *Minority Purchasing Power: The Emerging Minority Marketplace*, U.S. Department of Commerce, Sept. 2000, at 5.

197 See, e.g. Steve McClellen, *Room for Tres? Pappas takes on Univision and Telemundo*, Broadcasting & Cable, Dec. 4, 2000 at 26-32 (Harry Pappas announced launch of third U.S. network to provide Spanish language programming in competition with Univision and Telemundo.) None of the three companies is minority-owned or controlled.

The following analysis is based on information from BIA's Media Access Pro database and compares minority commercial radio and full power television stations to their non-minority counterparts in the Nielsen Designated Market Areas (DMAs) in which minority and non-minority stations compete. MTDP believes this approach provides a more complete picture of minority broadcasters than comparisons solely against national benchmarks, because minority radio stations compete in only 54 percent of the Nation's 210 DMAs, and compete against only 62.3 percent of all radio stations in the country. Full power minority television stations broadcast in only 10 percent of DMAs in the country. This section discusses minorities' participation in the United States radio and television markets,[198] respectively, followed in the next section by analysis of the 2000 MTDP survey responses.

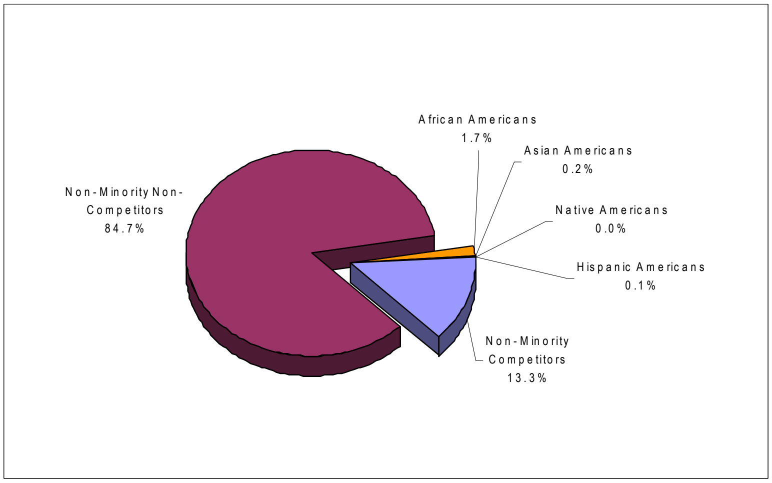
Chart IV-3 U.S. Radio Station Ownership, 2000



---

198 As stated previously, for purposes of this report, MTDP defines minority-owned stations as commercial radio facilities and commercial full and low power television stations operating in the United States of which African Americans, Asian Americans, Hispanic Americans, and Native Americans are the sole proprietors, own more than 50 percent of a corporation's stock, or have voting control of a partnership that owns such stations. MTDP believes that at least five firms it has included in previous minority ownership reports no longer meet NTIA's traditional minority ownership criterion. As discussed previously, NTIA's definition requires minorities to own at least 50 percent of a firm's equity or partnership interests. Based on conservative estimates, MTDP believes that the five enterprises collectively own about 100 radio stations, and 12 full power and five low power television stations, resulting in a difference of 117 stations between the ownership levels presented in this report and those that could derive from a definition that considered both minorities' equity ownership and their control of the firm.

Chart IV-4 U.S. Television Station Ownership, 2000



Radio

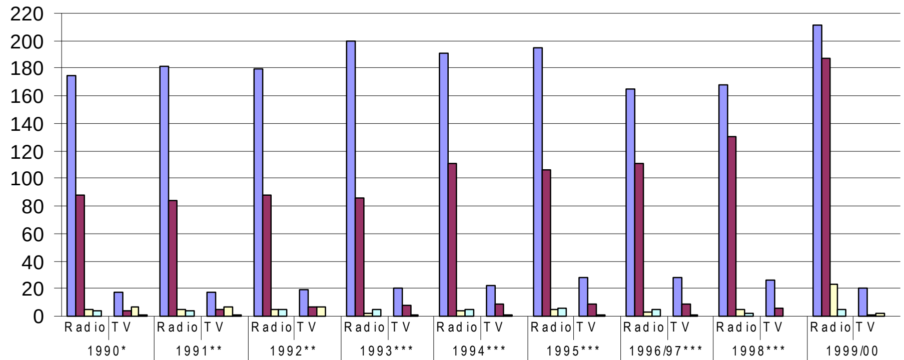
As of September 30, 2000, the FCC reported that 10,577 commercial AM and FM radio stations were licensed in the United States,[199] compared to 10,549 stations for the same period in 1999.[200] Of the commercial radio industry total for the year 2000, 175 minority broadcasters owned 426 stations, or 4.0 percent of the Nation's commercial radio stations. This compares to their ownership of 305 radio stations in 1998, which represented 2.9 percent of that year's industry total. In the two years since MTDP's last report, minority radio ownership increased by 121 stations. (See Chart IV-5) About half of this increase, however, was the result of an improved search methodology, which enabled MTDP to identify more minority-owned stations.

---

199 Broadcast Station Totals as of Sept. 30, 2000, Federal Communications Commission (Nov. 29, 2000) <http://www.fcc.gov/mmb/obc/fy2000st.txt> (visited Dec. 30, 2000)("FY 2000 Broadcast Station Totals").

200 Broadcast Station Totals as of Sept. 30, 1999, Federal Communications Commission (Nov. 22, 1999) <http://www.fcc.gov/mmb/obc/fy1999st.txt> (visited Dec.30, 2000)("FY1999 Broadcast Station Totals").

Chart IV-5 Minority Owned Stations by Type, 1990-2000



	1990* Radio	1990* TV	1991** Radio	1991** TV	1992** Radio	1992** TV	1993*** Radio	1993*** TV	1994*** Radio	1994*** TV	1995*** Radio	1995*** TV	1996/97*** Radio	1996/97*** TV	1998*** Radio	1998*** TV	1999/00 Radio	1999/00 TV
African American	175	17	181	17	179	19	200	20	191	22	195	28	165	28	168	26	211	20
Hispanic American	88	4	84	5	88	7	86	8	111	9	106	9	111	9	130	6	187	1
Asian American	5	7	5	7	5	7	2	1	4	1	5	1	3	1	5	0	23	2
Native American	4	1	4	1	5	0	5	0	5	0	6	0	5	0	2	0	5	0

Source: NTIA's MTDP Reports, * 1991 Report, ** 1993 Report, *** 1998 Report

All minority groups have increased their radio ownership since 1998. In terms of absolute growth, the number of reported Hispanic American owned stations increased the most with the addition of 57 stations,[201] followed by an increase of 43 African American owned stations, 18 Asian American-owned, and three Native American-owned. Excluding the effect of the improved search methodology, however, the number of African American-owned stations increased by 15 percent, Hispanic American-owned stations 19 percent, Asian American-owned stations by 300 percent, and Native American-owned by 25 percent. The large increase in Asian American-owned stations was mostly the result of purchases by one large owner. (See Chart IV-5)

African Americans' ownership of 211 stations in 2000 continues to lead that of other minorities and represents almost half of all minority-owned radio stations. Hispanic American broadcasters own the next largest number of stations (187), giving them 44.0% of all minority radio stations. (See Chart IV-5)

As reported in past years, minority owners continue to own more AM than FM stations.[202] In 2000, minorities owned 248 AM stations and 178 FM facilities (See Charts IV-6 and IV-7).

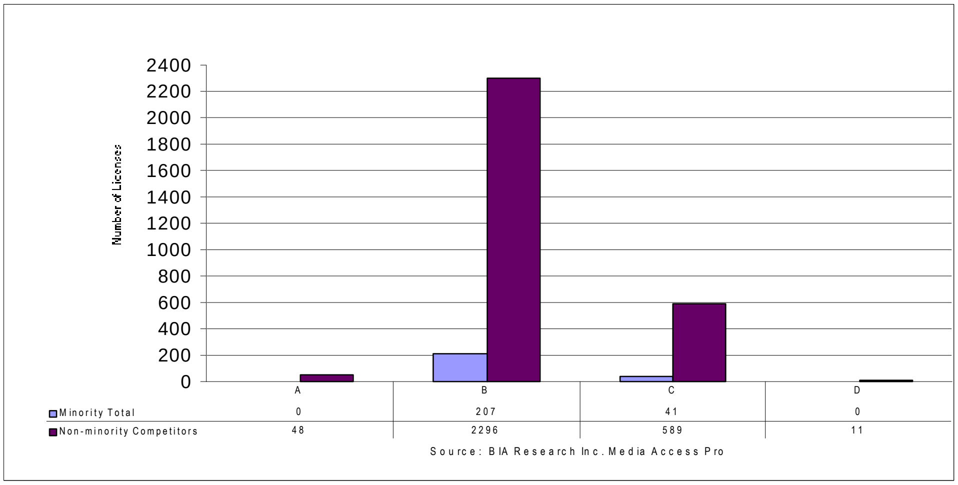
---

201 The improved methodology was particularly effective in identifying additional Hispanic American owners, because it included searching the BIA database for stations with Spanish language formats whose owners had Hispanic surnames.

202 1998 MTDP Report at 2, supra n.17, 1996 MTDP Report at 6-7; and cf. Tables 3 and 4, 1997 MTDP Report.

Declining AM listenership over the past 15 years and the technical limitations of these stations make AM facilities generally less profitable than FM stations, however.[203] Using class of license as a proxy for station power and thus potential audience reach, MTDP found that minorities accounted for none of the 48 strongest class A AM licenses. Minority broadcasters were among the next most powerful class B AM license holders, with 207 stations representing 8.3 percent of the 2,503 such licenses in the DMAs in which minority-owned stations competed. (See Chart IV-6) Of FM licenses, minorities accounted for only 16 out of 530 or 3.0 percent of the strongest class B licenses for urban areas, and only 9 out of 542 or 1.7 percent of the strongest class C licenses for rural areas. Minority owners were most predominant among Class A licensees, which are the least powerful FM stations, with 103 stations or 7.1 percent of the 1,450 stations in that class in the relevant DMAs.[204]

Chart IV-6 AM Stations by License by Race or Ethnicity, 2000



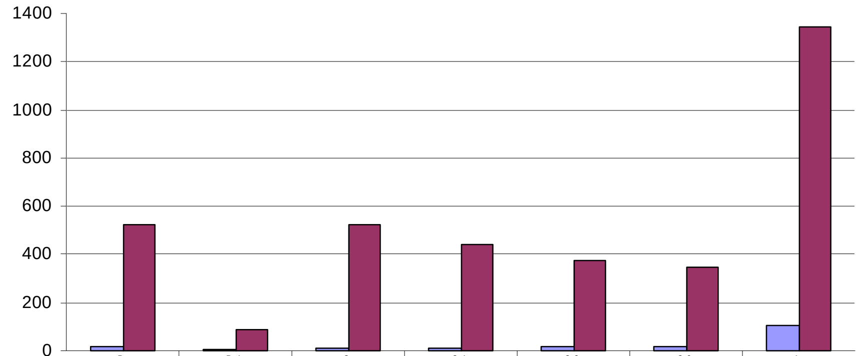
(See Chart IV-7)

---

[203] Bruno, *State of the Radio Industry*, supra n.195.

[204] An explanation of the FCC's various AM and FM license classes is available at <www.fcc.goc/mmb/asd/amclasses.html> and <www.fcc.gov/mmb/asd/fmclasses.html>, respectively.

Chart IV-7 FM Stations by License Class by Race or Ethnicity, 2000



	B	B1	C	C1	C2	C3	A
Minority	16	4	9	11	18	17	103
Non-minority Competitors	526	89	521	443	376	349	1347

Source: BIA Research Inc. Media Access Pro

* License classes B and B1 are assigned to stations near large urban areas. Classes C, C1, C2, and C3 are assigned to all other geographic areas. Class A may be assigned to any area.

Relative to non-minorities, minorities tended to operate stand-alone stations in a market. In 2000, 131 or 31 percent of minority-owned stations were part of a duopoly (two or more stations of the same type in the same market), compared to 36 percent for non-minorities in the DMAs. In addition, 19 minority stations were part of a "combo" in which the owner possessed another station of a different service, either AM or FM, within the same market. Of a total 241 local marketing agreements within the DMAs where minority stations broadcast, 17 involved minority-owned properties, or 4.0 percent of minority stations versus 8.0 percent of non-minority stations.

Not surprisingly, minority owners seem inclined to locate stations in areas more heavily populated with members of their respective racial or minority group. This has meant that a larger share of minority owned stations (except for Native American) are located in urban areas. Asian American stations are particularly concentrated in the largest urban markets, with almost half located in the New York and Los Angeles areas. (See Appendix C - National DMA map of minority and non-minority station locations). Tables IV-2 and IV-2(a) present the demographics of the average market in which each minority group's stations competed.[205]

---

[205] An average market was derived by weighting the relevant data for a market by the number of minority and non-minority radio stations located there. BIA includes market data only for stations located in Arbitron markets. Roughly 6,143 of commercial radio stations in the United States, including 349 minority stations, were part of such markets.

Table IV-2 Racial Composition of Owner's Average Radio Market by Racial or Ethnic Group, 1999

Owner's Race or Ethnicity	African American Population	Asian American Population	Hispanic American Population (May be of any race)	Non-Minority Population
African American	19%	3%	6%	78%
Asian American	11%	12%	18%	59%
Hispanic American	9%	5%	30%	56%
Non-Minority	12%	3%	9%	76%

Source: BIA Research Inc. Media Access Pro

Table IV-2(a) Owner's Average Radio Market Demographics by Racial or Ethnic Group, 1999

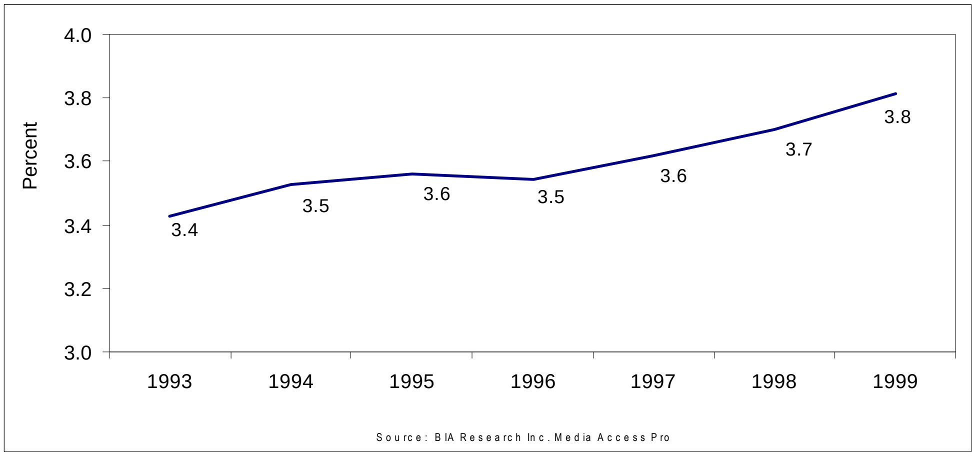
Owner's Race or Ethnicity	Average No. of Households in Arbitron Market in which Minority Stations Compete	Median Income	Projected Disposable Income Growth 1998-2003	Projected Annual Total Radio Revenue Growth 1998-2003
African American	597,000	$35,200	4.6%	8.0%
Asian American	2.6 million	$42,800	4.0%	9.8%
Hispanic American	876,000	$35,600	5.2%	8.6%
Native American	400,000	$31,000	4.9%	8.5%
Non-Minority	502,000	$35,200	4.6%	7.9%

Source: BIA Research Inc. Media Access Pro

In the year 2000, minority stations were primarily situated in the South with 163 stations, in the Southwest with 93 stations, and in the West with 86 stations. African American stations were found most frequently in the South (129 of 211 or 61 percent), with the highest concentration of stations in Mississippi (21), North Carolina (20), and Alabama (16). Hispanic American owners operated the majority of their stations in Texas (61), California (57), and Florida (19). All but one Asian American-owned stations were located on the West (12) or East (10) coasts. Native American stations broadcasted in Oklahoma (3) and Arizona (2). See Appendix C for a state listing by minority group of the number of radio stations compared to non-minority state totals. About 81 or 18 percent of minority-owned stations were among the top ten DMAs. Seventy-one percent of minority-owned stations were in the top half of all DMAs.

In 1999, minority-owned radio stations received lower ratings than their non-minority counterparts, which received an average 3.6 percent listening share compared to 2.6 percent for African American stations, 1.6 percent for Hispanic American owned properties, and 0.8 percent for stations owned by Asian Americans. When comparing changes over time in Arbitron local commercial shares, since 1994, non-minority and Hispanic American stations have lost on average 0.4 percentage point share. Asian American stations have decreased their share by 0.1 percentage point, while African American stations have gained a 0.6 percentage point share. In 1999, average station revenues as a percentage of total radio revenues in each market was highest for non-minority stations, at about 5.9 percent of revenues, compared to 3.1 percent for Hispanic Americans, 2.6 percent for African Americans and 1.2 percent for Asian Americans. (See Table IV-3) Between 1993 and 1999, however, minority revenues as a percentage of radio industry revenues increased from 3.4 percent to 3.8 percent.[206] (See Chart IV-8)

Chart IV-8 Minority Share of Total U.S. Radio Revenues, 1993-2000



BIA estimates a station's ability to convert listeners into revenue using a power ratio it derives by dividing the station's share of market revenues by the station's local commercial share. Asian American stations, with an average power ratio of 1.41, had the highest rating of all groups, followed by non-minorities with an average power ratio of 1.06, Hispanic Americans with an average power ratio of 1.03, and African Americans with the lowest average power ratio of 0.68. (See Table I-3) The concentration of many affluent Asian Americans in a few urban markets may explain the strength of the power ratio of Asian American-owned stations in these markets. If African American stations had had an average power ratio equal to that of non-minority stations, they would have reaped and additional 1.6 percentage points of market revenue. The lower power ratio for African Americans may reflect several factors such as lingering effects of "no urban, no

---

[206] The 1999 total minority revenue share in Chart IV-8 is higher than the average market minority revenue share in Table IV-3 because of differences in the weighting of minority participation. The total share is obtained by summing revenues of all markets by racial or ethnic group and calculating each group's proportionate share of the total. On the other hand, the average market share is calculated by averaging the shares for all markets, giving an equal weight to each market. Minority stations tend to be located in larger revenue markets, therefore, the proportionate share method will show a larger number for these stations than will a method that gives equal weight to each market.

Spanish" dictates that discourage advertisers from selling their products on Black and Hispanic American stations, [207] the historic complaint of some Black station owners that ratings services undercount their audiences,[208] or the large number of African American stations with religious formats. Stations with religious formats tend to generate the lowest revenue levels, both for minority and non-minority owners. (See Table IV-4)

Table IV-3 Average Station Ratings and Revenue Performance for Owners by Racial or Ethnic Group, 1999

	Avg. Station's Percentage of Total Market Revenue	Local Commercial Share	Power Ratio
African American	2.6%	3.8%	0.68
Asian American	1.2%	0.8%	1.41
Hispanic American	3.1%	2.9%	1.03
Non-Minority	5.9%	5.2%	1.06

Source: BIA Research Inc. Media Access Pro

Finally, MTDP's review of BIA data for 2000 suggests that minority station owners provide programming formats of interest to their listeners, which is consistent with findings of a recent FCC study.[209] In the relevant DMAs, 69 percent of African American stations delivered urban or religious (mostly gospel) formats, 70 percent of Hispanic-American-owned stations offered Spanish or Mexican programming, and 43 percent of radio stations owned by Asian Americans provided Korean or Asian formats. Three out of five of Native American stations played country music. (See Table IV-4)

---

[207] See discussion on advertising infra at 56.

[208] Office of Public Affairs, *Minority Ownership of Broadcast Facilities*, EEO Minority Enterprise Division, Federal Communications Commission, Dec. 19, 1979 at 21.

[209] The study's researchers concluded that "[m]inority-owned radio stations are delivering programming classified as Black, Ethnic, Spanish or Urban - including subcategories that emphasize national, religious and linguistic perspectives - in far greater amounts than their majority-owned counterparts." Bachen, et al., supra n.120, at 10.

Table IV-4 Top Radio Formats, 1999

Race or Ethnicity	Format	Number of Stations	Gross Revenue (thousands)	Revenue Per Station (thousands)
Non-Minority	Country	1379	$1,073,362	$778
	Religious	824	$120,323	$146
	Adult Contemporary	759	$1,182,595	$1,558
	Rock	654	$1,638,268	$2,505
	News	583	$1,157,463	$1,985
African American	Religious	81	$13,977	$173
	Urban	81	$97,425	$1,203
	Talk	8	$8,550	$1,069
Hispanic American	Spanish	81	$113,725	$1,404
	Mexican	31	$50,500	$1,629
	Tejano	8	$7,325	$916
Asian American	Korean	6	$1,200	$200
	Asian	4	$900	$225
	Variety	2	$600	$300
Native American	Country	3	$1,700	$567
	Adult Contemporary	1	$50	$50
	Oldies	1	n/a	n/a

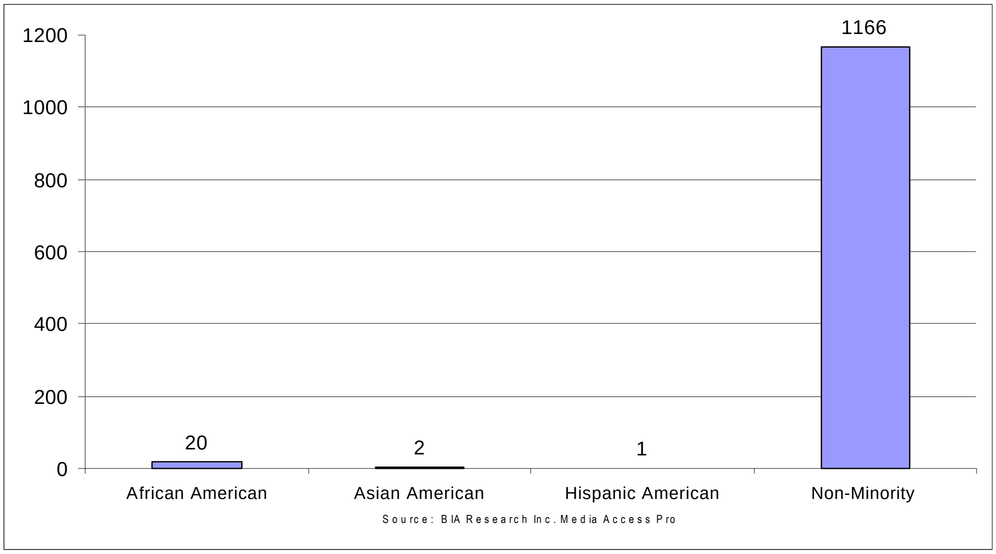
Source: BIA Research Inc. Media Access Pro

Television

The 23 full power commercial television stations owned by minorities in 2000 represented 1.9 percent of the country's 1,288 such licensed stations. Of these 23, African Americans owned 20; Asian Americans, two; and Hispanic Americans, one. This is the lowest level of minority full power television ownership since MTDP began issuing reports in 1990. In 1990, minorities owned 29 full power television stations, which had risen to as many as 38 during 1995 and 1996. (See Chart IV-5) Between 1998 and 2000, minority owners decreased from 16 to 12. There was a loss of five Hispanic American and four African American-owned stations, and a new identification of two previously owned Asian American stations for a net decrease of seven stations. Non-minorities on average acquired additional stations between 1996 and 2000, while Hispanic Americans' and African Americans' average television holdings have experienced no change over the past two years.

(See Chart IV-1) Industry-wide, full power commercial UHF and VHF station licenses rose from 1,209 in 1998 to 1,243 in 1999 and to 1,288 in 2000, for a 79 station increase of 6.5 percent over 1998 levels.

Chart IV-9 Television Stations by Race or Ethnicity, 2000



Expensive conversions to digital television, which can include transmitter costs, tower upgrades, and new studio construction added to the cost of duplicative analog broadcasting during the transition, may have motivated some minority owners to exit the industry before the FCC's May 1, 2002 conversion deadline.[210] In addition, some banks' reluctance to finance the conversions[211] may have been particularly compelling reasons to sell for minority broadcasters who have historically faced difficulties obtaining access to capital. At least one minority-owned television group, Granite Broadcasting, has, however, begun digital broadcasting at its WB affiliate KBWB in San Francisco and its ABC affiliate, KNTV in Monterey, California.[212]

Compared to 85 percent of their non-minority competitors, 74 percent of minority-owned television stations had network affiliations. Of the top ten DMAs, minority-owned full power television stations broadcast in four, with the remaining stations serving DMAs ranked between 18

---

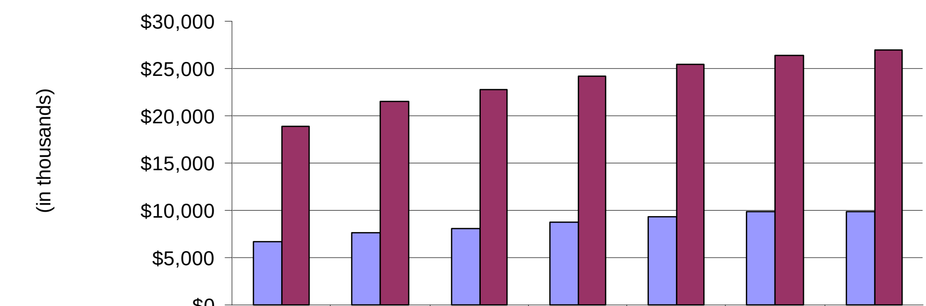
210 Andrew Bowser, *The DTV Waiting Game*, Broadcasting & Cable, Sept 4, 2000 at 48, reporting that some industry members believe conversion costs may exceed station valuations for facilities in small markets.

211 Id.

212 See Bill McConnell, *DTV Broadcasters: Stations Broadcasting Digital Signal*, DTV Guide, July 2000 at 35 (insert in Broadcasting & Cable, Aug. 7, 2000).

and 133. Local commercial share information is available only for African American and non-minority television stations in the DMAs of interest. Unlike African American radio station owners whose ratings share and power ratios trailed non-minorities, African American television owners' average local commercial share of 14.3 exceeded the non-minority broadcasters' average share of 11.5. Similarly, their average power ratio of 0.68 compared favorably to non-minorities' average power ratio of 0.64. Although revenues for the average minority television station between 1993 and 1999 grew 47.8 percent compared to the 42.3 percent revenue growth of their average non-minority competitor, the latter's average revenues were almost 3 times as high during the period. (See Chart IV-10)

Chart IV-10 Average Television Station Revenue, 1993-1999



	1993	1994	1995	1996	1997	1998	1999
Minority*	$6,680	$7,670	$8,060	$8,770	$9,270	$9,825	$9,870
Non-Minority Competitor	$18,908	$21,558	$22,761	$24,129	$25,367	$26,447	$26,915

* Minority figures include average reneucnus of African American stations only
Source: BIA Research Media Access Pro

For the first time, MTDP is including minority-owned low power television (LPTV) stations in its ownership report. MTDP is attempting to monitor LPTV ownership because the FCC created the service to help diversify broadcast ownership. The Commission recently found that LPTV has contributed significantly to that goal in part by providing first time ownership opportunities for minorities and women.[213] In April 2000, the Commission announced rules under the Community Broadcasters Protection Act of 1999[214] to accord primary class A status to qualifying LPTV licensees.[215] The new status will improve the commercial viability of LPTV stations by protecting

---

[213] Report and Order, In the Matter of Establishment of a Class A Television Service, 15 F.C.C. Rcd. 6355 (2000) [LPTV Order] at ¶ 3.

[214] 106 Pub. L. 113, 113 Stat. 1501 (1999).

[215] The Commission extended the December 11, 2000 filing deadline for eligible LPTV licensees to submit Class A applications. *Mass Media Bureau Extends Filing Deadline for Class A License Applications*, Public Notice, DA 00-2743 (2000) <http;//www.fcc.gov/Bureaus/Mass_Media/Public_Notices/LPTV_Notices/da002743.html>

them from displacement by full power stations converting to digital transmission. Consequently, LPTV stations can better attract financing for their free over the air niche programming to urban and rural residents with specific ethnic, racial, and other special interests. [216] As of September 30, 2000, the Commission had licensed 2,366 low power UHF and VHF television stations in the United States, almost twice the number of full power stations.[217] LPTV licenses increased from 2,194 the preceding year.[218] MTDP was able to identify 82 minority-owned LPTV stations or 3.5 percent in 2000. See Appendix D- Map shows minority-owned full power television stations and the LPTV stations identified in response to MTDP's survey.

2000 MTDP Survey Results

The following discussion provides a more detailed look at 115 minority broadcast owners of commercial AM and FM radio stations, and full and low power television stations during the survey period from July 1, 1999 through June 30, 2000. For some topics, after the quantitative data, MTDP presents relevant qualitative information excerpted from the surveys without revealing any respondent's identity.

Respondents to the survey all owned at least 50.1 percent of their firms. About 58 percent of the respondents identified themselves as African American; 30 percent as Spanish, Hispanic American, or Latino origin; 3 percent as American Indian or Native Alaskan; and 7 percent as Asian American. Respondents identifying themselves as White (11 percent) or Other (19 percent) in all but two cases had also classified themselves as having Hispanic American heritage.

Like minority owners generally, the majority of respondent owners were single station owners, representing 55 percent of respondents. Survey respondents owned 75 AMs, 66 FMs, 22 full power television stations, and 77 low power television stations. Ten radio owners stated that their stations are party to a local marketing agreement. (See Chart IV-11) Sixty-three percent of minority owners operated their stations through corporations, with sole proprietorships the next most widely reported structure at 6 percent. Twenty-two percent of respondents, however, did not identify their ownership structure. (See Chart IV-12)

---

216 LPTV Order at ¶¶ 1-2.

217 FY 2000 Broadcast Station Totals, supra n. 199.

218 FY 1999 Broadcast Station Totals, supra n. 200.

Chart IV-11 Respondents's Station Ownership by Station Type, 2000

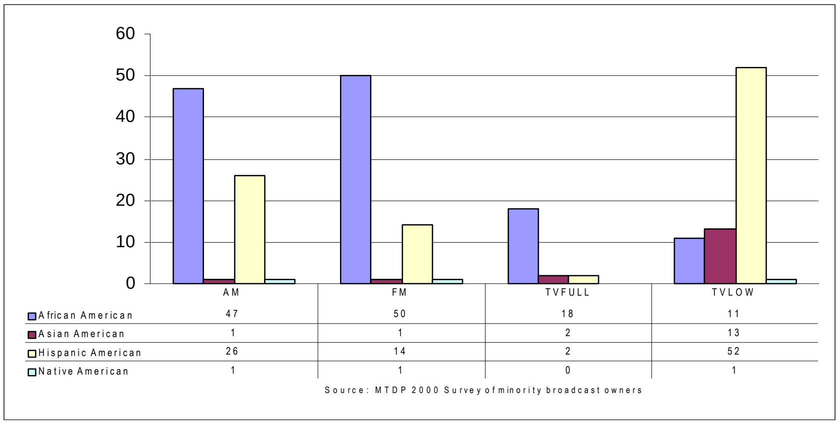
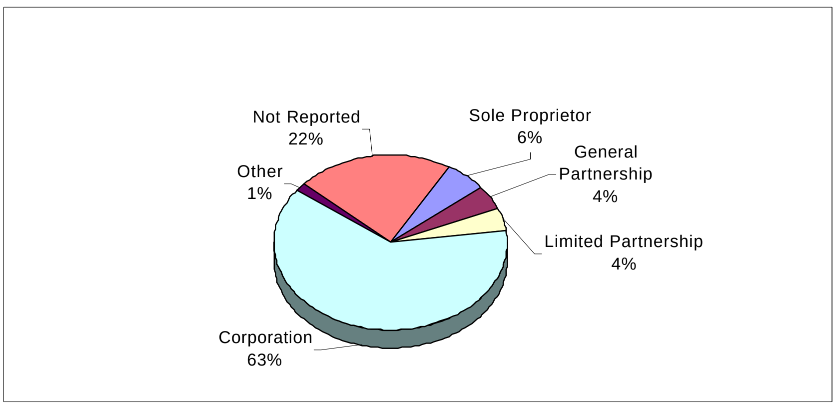


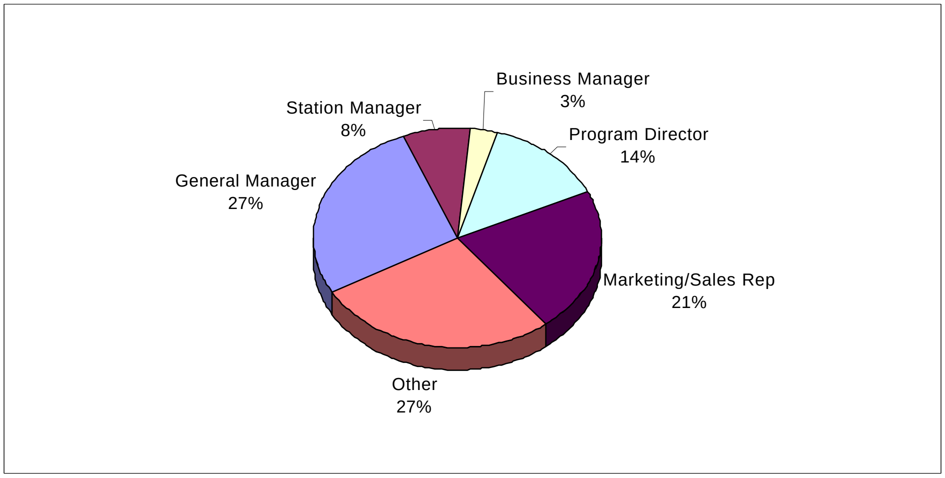
Chart IV-12 Respondents' Ownership Structures, 2000



<u>Broadcast Industry Experience</u>

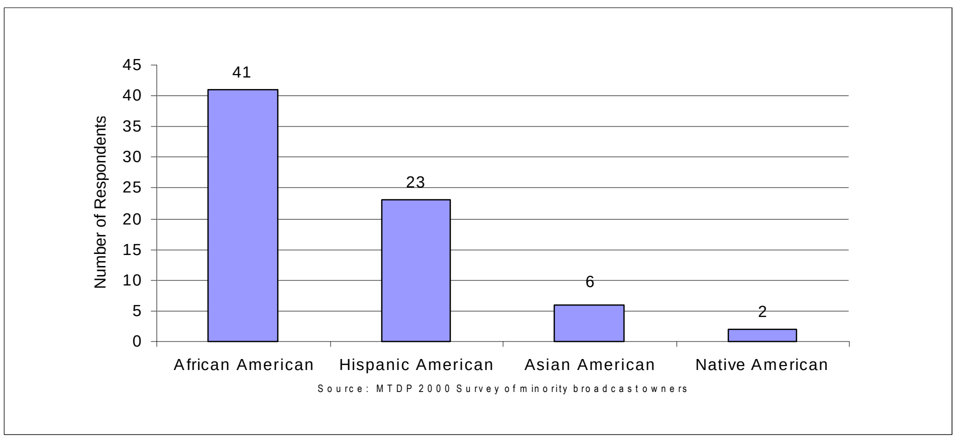
Most respondents (62 percent) were either themselves experienced broadcasters before becoming station owners, or were in business with at least one other person who possessed such experience. They often gained their experience as general managers, marketing or sales representatives, or program directors (See Chart IV-13), and all owners' combined years of work in the industry exceeded 16 years for 67 percent of respondents. Just over 61 percent of African

Chart IV-13 Respondents' Broadcast Industry Experience by Position



American respondents reported that owners in their firms had worked in broadcasting before

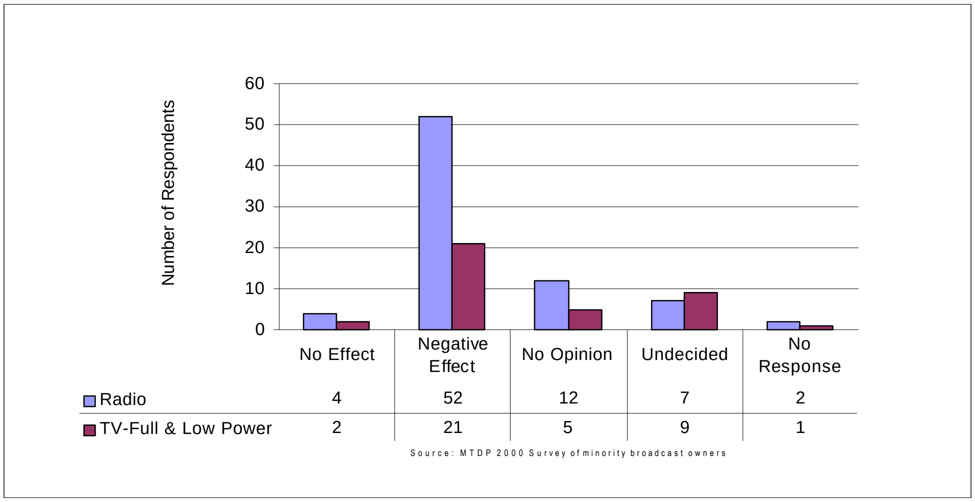
Chart IV-13(a) Respondents Who Had Broadcast Industry Experience by Ethnic Group



acquiring a station. (See Chart IV-13(a))

<u>Impact of Telecommunications Act of 1996</u>

Chart IV-14 Impact of 1996 Telecommunications Act by Station Type



Overwhelmingly, minority broadcasters were convinced that the Telecommunications Act of 1996 hurt opportunities for minority broadcast ownership. Seventy-three broadcasters, about 63 percent of survey respondents stated that view, while only six or five percent of responding broadcasters expressed the opposite view. Almost 14 percent of minority owners who replied to the survey or 16 respondents, were undecided about the Act's impact on minority ownership, while about an equal number (17) expressed no opinion on the matter. (See Chart IV-14)

Narrative responses from owners reflected their concern about the adverse affects of consolidation on their businesses. One African American owner commented that "[c]ritical mass by major Wall Street financed ownerships have [created] major obstacles for [the] minority owner. [It] is very difficult to compete against big ownership with 7-8 stations in the same market." Another owner wrote "[t]he 1996 Act is a disaster for small and minority broadcasters and operates against the principle of diversity of media ownership." An Hispanic American broadcaster in Florida decried the deregulation prompted by the 1996 Act. He said "[u]nder present station pricing, expansion is impossible. [The] Telecommunications Act of 1996 eliminated the participation and expansion of small entrepreneurs." An exiting Native American woman radio owner bluntly summarized a common sentiment among some broadcasters:

> If the FCC and the federal government would have let the previous ownership cap prevail, I cannot help but feel it would have been beneficial to minority broadcasters. We were proving that we could be a formidable broadcaster – serving the needs of our license communities <u>and</u> making money.

Two low power television owners noted the 1996 Act's failure to include LPTV in the cable "must carry" provisions, as it did for full power television, was detrimental to their operations. Said one African American owner "this [failure] is grossly unfair and has created the greatest harm for minorities that were actually *encouraged* by the FCC to own low power TV stations." "Without must-carry, 72 percent of my market that are on cable cannot see my station, so I cannot compete for their viewership," reported an Hispanic American station owner with several low power TV facilities.

Competitiveness of Minority Owners

Almost 58 percent of respondents expressed their personal belief that being a minority has affected their competitiveness in the broadcasting industry. Of the owners who offered written explanations for their answers, 18 owned radio, five owned LPTV, and two operated full power television stations. Their comments described the difficulty they have faced of generating adequate advertising revenues, or raising capital for station acquisitions or upgrades. These responses seem consistent with their reports of the business difficulties they confronted. Others believed the consolidation resulting from the 1996 Act exacerbated their competitive problems.

Business Difficulties

MTDP's survey sought information about the problems minority broadcast owners experienced during the 12-month survey period from July 1, 1999 to June 30, 2000 and during the three years immediately following passage of the Telecommunications Act of 1996. With little variation, they reported virtually the same challenges, with obstacles to obtaining advertising listed as the most common complaint, 27 percent in the earlier period compared to 26 percent in 2000. (Charts IV-15 difficulties 99-00 and IV-15(A) difficulties in 96-99). Accessing capital was the next most frequently cited problem among minority broadcasters, 21 percent in 2000 and 22 percent in the period from 1996 to 1999, followed by loss of key personnel to competitors, lack of awareness about stations for sale, and regulatory barriers.

Chart IV-15(a) Respondents's Business Difficulties, 1996-1999

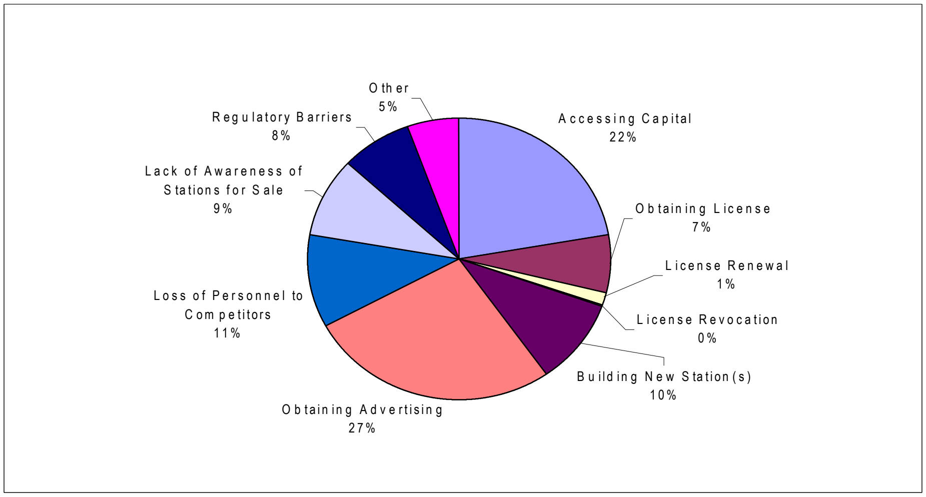


Chart IV-15 Respondents' Business Difficulties, 1999-2000

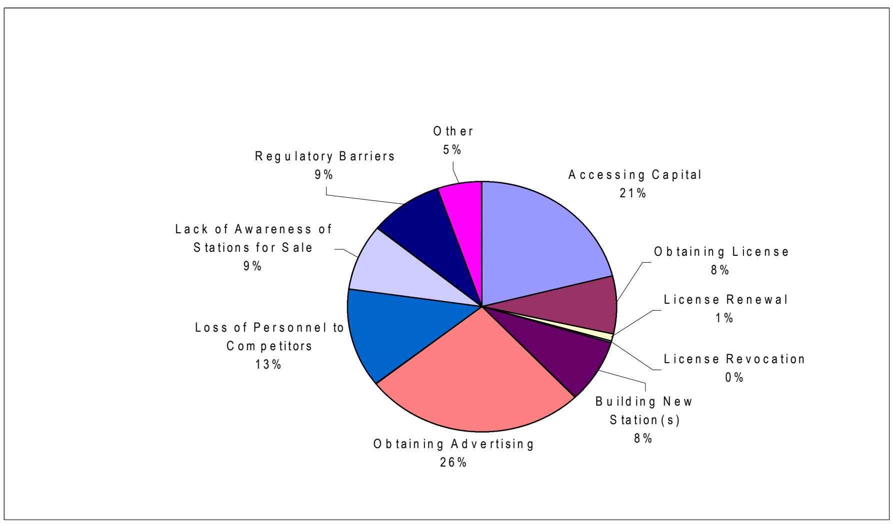
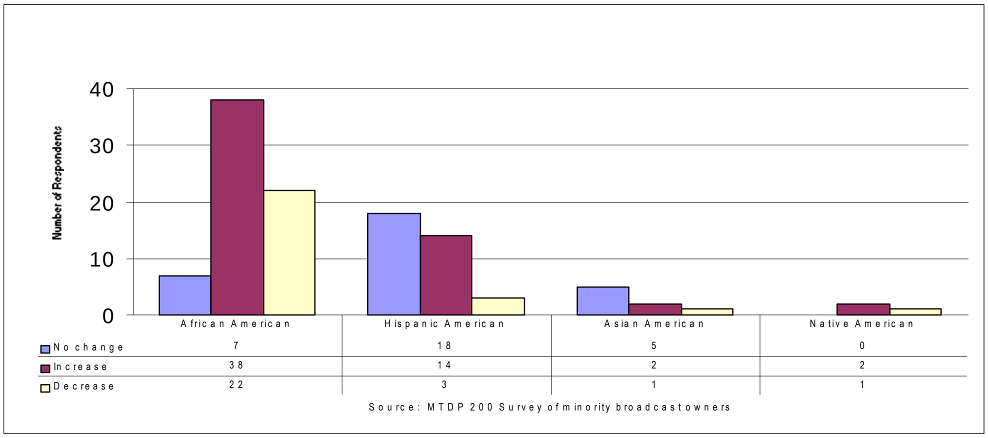


Chart IV-16 Respondents' Changes in Advertising Revenues
July 1, 1999 to June 30, 2000



An Hispanic American broadcaster contended that:

> [t]he lack of access to capital is much more prevalent amongst minorities in my opinion, because the lender institutions do not have enough people (minorities) who understand our disabilities with enough authority to decide in our favor.

A minority television owner serving several major markets said that being a minority has affected his competitiveness in the industry because of "reduced availability of financial and investment capital." An African American radio owner observed, [w]ith the exception of a select few, minority ownership is more difficult today. . . .[because the] principal problem. . . [is] lack of capital!"

<u>Advertising Revenues</u>

When asked whether advertising revenue for the owners' business had changed for the 12 months ending June 30, 2000 compared with the previous 12 months, 56 owners reported their revenues increased, 27 reported a decrease, and 30 stated their advertising revenues remained unchanged. More African American owners (38) than members of other minority groups enjoyed increased ad revenues; although 22 such owners reported a decline in revenues. Fourteen Hispanic American owners experienced revenue growth, while 18 other Hispanic American owners reported no change in their revenues. Asian American owners were about twice as likely to have no change in revenue, and two of three Native American owners experienced increased advertising revenues. (Chart IV-16)

An African American radio owner responding to the survey stated:

> "I offered a competitive programming service that was excluded from many ad buys when my ratings were good and in some cases better than my competitors. In many cases, our station was never asked to submit bids, and advertisers discounted the spot rates for no rational reason. Because of the fact, I was denied access to capital; because of discrimination in the advertising arena I was forced to sell my station."

A Hispanic-American woman owner and general manager expressed a similar sentiment, saying "I feel that being a minority owned station. . . certain agencies feel that they do not need to pay top dollar for our station."

Finally, an African-American group owner summarized his concerns:

> Our 28 years of experience in broadcasting a format designed to appeal to urban audiences leads us to conclude that: (1) the urban format is not accorded sufficient respect by the advertising community in terms of who listens to our stations and their buying habits; (2) the methods used to measure the numbers of listeners to our stations are flawed and fail to account for a substantial portion of our actual audience (i.e., non-minority listeners); and (3) the listeners to the urban format and their purchasing power are both severely discounted by the advertising community.

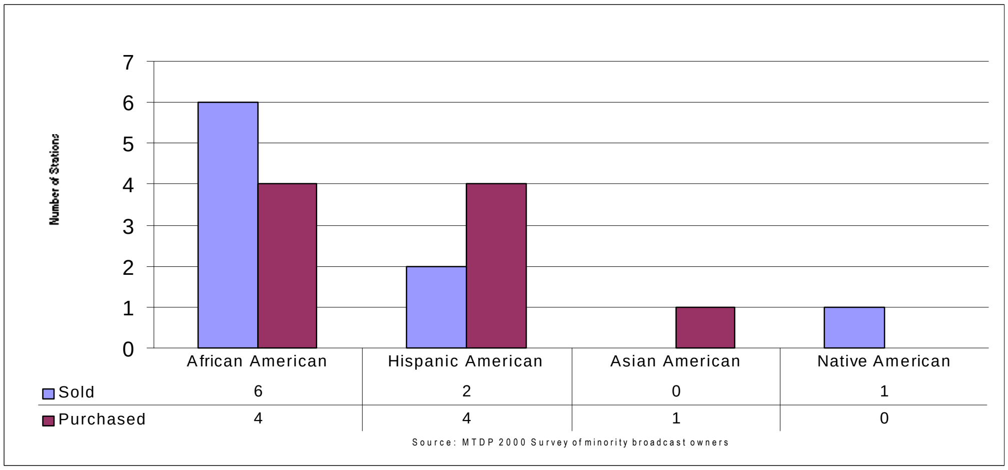
Station Purchases and Sales

Nine owners disclosed that they had bought stations and had purchased them from other minority owners, while 106 owners responded they had not acquired properties during the survey period. Nine broadcasters reported they had sold stations, five of whom sold a single station, three sold two facilities, and one owner disposed of three stations. Two of the sellers sold to other minority owners, six did not, and one owner was unsure of the buyer's race or ethnicity. By contrast, 20 other owners answering the question had not sold any stations. African American owners sold most often, but purchased a number equal to that of Hispanic Americans. (Chart IV-17) Interestingly, an identical number of station owners who either bought stations (6) or sold them (6), also experienced increased advertising revenues, while two owners whose revenues dropped bought stations nonetheless. (Chart IV-18).

Government Policies to Assist Station Acquisitions

When asked about their use of federal government policies to facilitate acquisition of current facilities, most minority owners, 52 percent (60) had used none. About 17 percent (20) had used "other" unspecified policies to obtain their stations. Of the better known tax certificate and distress sale policies, 12 percent (14) had used tax certificates, while only four station owners had gained their stations through a distress sale. African American respondents employed government policies

Chart IV-17 Respondents' Stations Sold and Purchased by Race or Ethnicity
July 1, 1999 to June 30, 2000



in the past more frequently than other survey subjects. (See Chart IV-19)

Chart IV-18 Changes in Advertising Revenues of Respondents who Bought or Sold Stations
July 1, 1999 to June 30, 2000

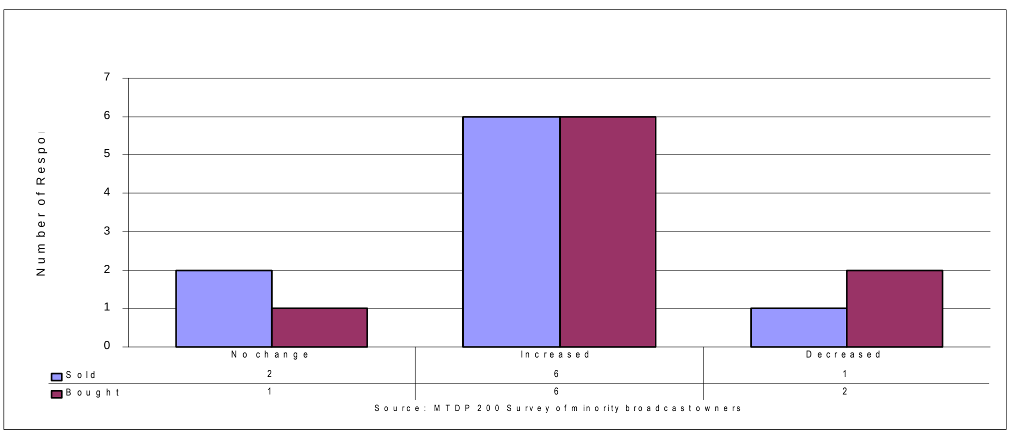
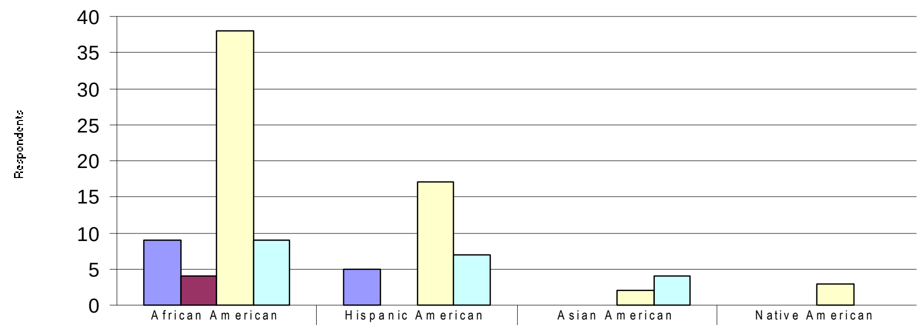


Chart IV-18 Changes in Advertising Revenues of Respondents who Bought or Sold

The number of owners who used government policies in the past contrasted sharply with those who believed that specified policies might aid future station purchases. Just over 50 percent or 58 respondents expressed a positive belief about the usefulness of a tax certificate policy. Twenty-eight percent or 32 survey participants expressed confidence in the utility of distress sales, and 17 percent (20 owners) believed that “other” policies could help improve future acquisitions. (See Chart IV-19(a))

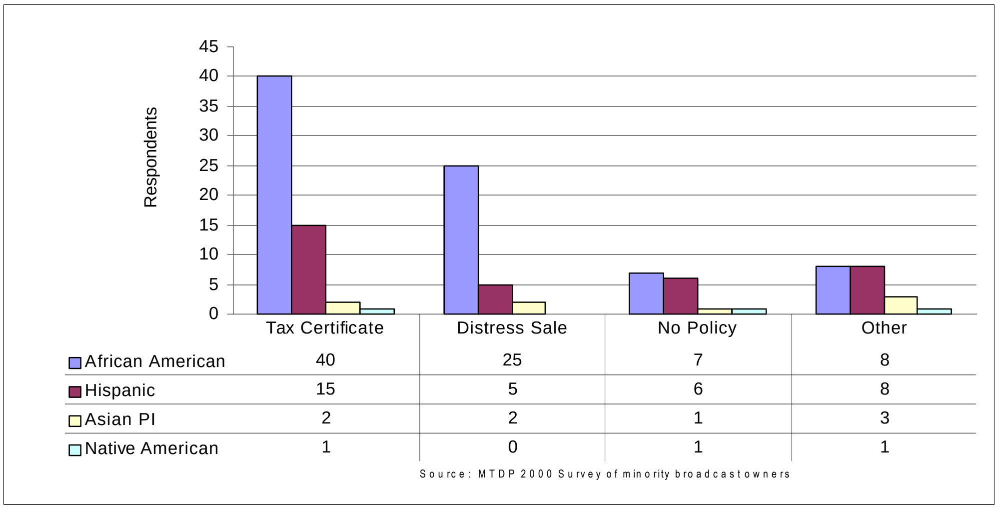
Chart IV-19 Government Policy Used by Respondents



	African American	Hispanic American	Asian American	Native American
Tax Certificate	9	5	0	0
Distress Sale	4	0	0	0
No Policy	38	17	2	3
Other	9	7	4	0

Source: MTDP 200 Survey of minority broadcast owners

Chart IV-19(a) Usefulness of Future Government Policy by Race or Ethnicity



Internet Broadcasting

MTDP was interested in knowing whether minority broadcast owners were expanding or planned to expand their audience reach by maximizing existing Internet technology. To gauge their level of participation or interest, the survey asked about their current or planned programming on the web. About 20 percent, or 24 respondents, answered that at least one of its stations offered webcasting between July 1, 1999 and June 30, 2000. Sixty percent or 70 minority station owners replied that their stations did not use the Internet to deliver programming. When asked about plans to begin Internet broadcasting during the subsequent 12-month period from July 1, 2000 to June 30, 2001, 40 percent of respondents (46) stated their intentions to do so. The reason given most often for not planning to webcast was "plan to in the future." MTDP interprets these 16 responses as an indication of owners' intentions of starting such operations beyond the June 30, 2001 timeframe defined in the question. Slightly fewer, 14 respondents, identified access to capital as a reason for not planning to webcast. Although six station owners reported having station websites, they are not contemplating using them to broadcast.

Continuing Challenges

Advertising

Advertising revenue commensurate with station performance continues to elude many minority broadcasters. The African Americans and Hispanic Americans comprise a large and enthusiastic radio audience. According to the Radio Advertising Bureau (RAB), 96 percent of African Americans 12 and older listen to radio each week, an average 24 hours and a half. With some select age groups, listening as much as 26 hours per week.

The situation is about the same for 96 percent of Hispanic American listeners, whom RAB said listen to the radio an average of 24 hours per week. In contrast, RAB reported 95 percent of all Americans listen to the radio an average of 20 hours weekly. RAB, which is a trade group that exists to sell advertisers on the radio medium, concludes that radio is "a valuable channel for conveying a marketing message" to African American audiences, and to Hispanic American listeners as well.

In January, 1999, the FCC released a study it sponsored on advertising practices, titled *When Being No.1 Is Not Enough: The Impact of Advertising Practices on Minority-Owned and Minority-Formatted Broadcast Stations*. The report found that "stations that target programming to minority listeners are unable to earn as much revenue per listener as stations that air general market programming. The quantitative analysis also suggests that minority-owned radio stations earn less revenues per listener than majority broadcasters that own a comparable number of stations nationwide."

The study also reported that, "Anecdotal data collected by the study suggest that in certain instances, the media buying process is guided by ethnic/racial stereotyping, underestimations of disposable income, the desire to control product image, unfounded fears of pilferage, etc. Factors such as these form part of the basis for 'no Urban/Spanish dictates' and 'minority discounts' as practiced by advertisers and/or ad agencies."

FCC Chairman William Kennard, in several speeches, strongly criticized the advertising industry, saying that discriminatory policies hurt the radio station and the community it serves. In the aftermath of the study's release, the American Advertising Federation created a new committee to try to prevent such discrimination, and Pepsi Cola agreed to increase its advertising on minority stations by as much as 15 percent.

Almost two years after that report was issued, the story of one radio station in Syracuse, N.Y., shows there is at least some anecdotal evidence that the situation still exists.[219]

There is also some anecdotal evidence that minority group owners that gain critical commercial mass, may be less susceptible to advertising discrimination. Radio One, a publicly traded company founded and headed by and African American woman broadcaster, Cathy Hughes,

---

[219] According to the Syracuse Herald-Journal of Sept. 11, 2000, the owner of nine radio stations in central New York state, Ed Levine, was forced to switch the format of one of his stations, WRDS-FM, from an urban contemporary to adult contemporary. Levine bought WRDS in the summer of 2000, and considered keeping the urban format, which targeted African-American audience.

Levine said his salesmen ran into resistance trying to sell ads on the station, with some merchants reportedly telling the ad sales staff they did not want African Americans in their stores. The newspaper reported that through July 31, the top station in Syracuse, a country station, collected $3.29 million in ad revenues. WRDS, as an urban station, had $225,000, despite improving ratings and a large white audience.

has about nine million listeners. Its revenues make Radio One the eighth largest radio chain in the country.

Radio One noted in its SEC filing that the incomes of African Americans are increasing, and that "African-Americans' higher than average rate of consumption is a powerful reason for U.S. retailers to increase targeted advertising spending toward this consumer group." Radio One also said it is able to harness the selling power of it station clusters in urban areas to target different segments of the African-American population: "We are then able to offer advertisers multiple audiences and to bundle the radio stations for advertising sales purposes when advantageous."

Similarly, the Hispanic American-oriented Entravision, which owns 31 TV stations, including many Univision affiliates, and 56 radio stations. When the company went public in April, 2000, it told the SEC it has been able to raise its advertising rates by as much as 20 percent for some TV stations. However, in some of its markets, Entravision said the increase was due to a shift from local advertising and an increase in the average rate charged for national advertising. For some of its radio stations, the picture is even better.

Access to Capital

Throughout their years of participation in the broadcast industry, minority entrepreneurs have fought to obtain financing for their ventures. In 1978, the Federal Communications Commission found the following:

> [i]t is evident that obtaining the necessary financing is a major element in increasing minority participation in broadcasting ownership. Unfortunately, experience has shown that minorities face unusually difficult problems in acquiring financing to purchase a broadcast station.[220]

In 1995, MTDP noted ". . . [o]ne principal barrier to greater participation by minorities in telecommunications ownership is a persistent lack of access to the types and amounts of capital required to form and expand viable businesses."[221]

The limited capital that is available to minority businesses tends to be debt capital, but "access to equity financing has been and continues to be scarce. . . . [C]ompanies that receive equity financing grow sales at a faster rate, hire more employees and have a much greater economic impact

---

[220] FCC Minority Ownership Report, supra n.68, at 11.

[221] *Capital Formation and Investment in Minority Business Enterprises in the Telecommunications Industries*, Minority Telecommunications Development Program, NTIA, April 1995 (Telecap Report) at 2.

than firms that have not received such investment."[222] The growth of Radio One and Entravision, two traditionally minority-owned broadcast groups that within the last two years have raised substantial capital through initial public offerings ("IPOs") seems to reflect this trend. The fact that equity funds targeting minority businesses account for only about 1 percent or about $2 billion of the private equity market [223] may explain in part the difficulty minority firms confront in obtaining access to such funding. [224]

Improved access to both public and private markets for minority broadcasters may, however, also jeopardize their eligibility to participate in any government policies or programs to increase minority ownership depending upon the ownership definition used. As noted previously, MTDP is concerned about a definition that, if too restrictive, might inadvertently undermine efforts to promote minority broadcast ownership by denying growth capital opportunities to some of the potentially most viable minority firms.

The Telecommunications Development Fund ("TDF"), created by legislators in the Telecommunications Act of 1996, is a source of funds that many hoped would provide capital resources for minorities, women, and small business owners to start new ventures or to expand existing telecommunications firms. The privately managed fund secures its capital from the interest payments on proceeds from FCC spectrum auctions. Although TDF's portfolio includes investments in several start ups, none are broadcast properties. According to managing director Ginger Lew, high station prices make broadcast investments infeasible at the fund's present capitalization level.[225]

Some of the broadcast industries biggest players joined forces to contribute to a capital fund to finance minority and women business owners desiring to enter the telecommunications business. Originally named the Prism Fund when the National Association of Broadcasters announced its formation in November, 1999, its founders, Clear Channel and then-CBS (now Viacom) renamed their $170 million commitment, the Quetzal Fund. Other investors included Belo Corporation,

---

[222] Glenn Yago and Aaron Pankratz, *The Minority Business Challenge: Democratizing Capital for Emerging Domestic Markets*, Milken Institute and Minority Business Development Agency, U.S. Dept. of Commerce, Sept. 25, 2000 [Minority Business Challenge] at 15.

[223] Yago and Pankratz, Minority Business Challenge at 24.

[224] Syncom is an African-American owned venture capital group that attributes its success in part to its focus on investing in the minority communities' talent. The firm has provided financing for a variety of communications ventures, including BET, Radio One, Z-Spanish Radio , El Dorado Communications, District Cable Television, South Chicago Cable Television, Net Noir, and Worldspace. Roundtable Tr. at 60-61 (Remarks of Herbert Wilkins, Sr., Syncom Management Company, Inc.). According to Mr. Wilkins, Syncom's founder, the SSBIC (Small Business Investment Companies) program, which established venture capital funds for minority communities, rivaled the tax certificate program in its importance in promoting minority broadcast ownership. The number of new minority-owned telecommunications firms has dwindled since the program's elimination in 1996. Id. at 106-107.

[225] Lew Remarks, supra at n.179 (Lew Remarks). See also <http://www.tdfund.org>.

Bonneville International, Cox Enterprises, The Walt Disney Company, Cumulus Media, Emmis Broadcasting, Fox Broadcasting, Granite Broadcasting, NBC, Radio One, Susequehanna Radio, and Tribune Broadcasting.[226] Reginald Hollinger of Chase Capital Partners is the fund's managing director, who announced the fund in its first operating quarter funded four investments totaling $42.5 million. Most of that amount funded a $30 million expansion by Blue Chip Broadcasting, an African American broadcast company with about 19 radio stations. Quetzal's investment entitles it to representation on Blue Chip's board and an undisclosed ownership percentage in the company.[227]

With TDF's limited funding level and the concern of some that Quetzal's investment criteria are unlikely to increase minority broadcast ownership, access to capital remains a concern of minority media owners despite these funds' efforts. MTDP encourages exploration of creative financing and capital investment strategies to ease the difficulty many minorities face obtaining acquisition or expansion capital.

<u>Broadcast Industry Employment</u>

Although MTDP cannot measure the extent of any correlation between previous broadcast industry experience and ownership, commenters at the Minority Ownership Roundtable suggest that a positive relationship exists. An African American television executive who is raising capital to buy stations stated:

> The other thing is, as an owner, and trying to either get funding or looking at the landscape, the numbers of minority owners and women owners is so small, and I think a lot of that has to do with the fact that there isn't a huge pipeline of people that are coming through the broadcasting system to be able to take on ownership. As so, we need to do a better job in improving employment opportunities for women [and] minorities – managers and entrepreneurs coming through. And I think that's one of the responsibilities that we each have as owners and as mangers to open up the pipeline.[228]

More than twenty years ago, the FCC recognized that minorities' lack of broadcasting experience can adversely affect their ability to obtain financing for station acquisitions because lenders prefer experienced broadcasters whom they believe are more likely to succeed.[229]

---

226 Paige Albiniak, *How UBO Found its Groove*, Broadcasting & Cable, at 13, May 15, 2000.

227 *Quetzal Made One Radio, Three Internet Investments*, Television Digest, July 10, 2000.

228 Roundtable Tr. at 42 (Banks Remarks). See also, <u>id</u>. at 44 (Edwards Remarks) ("So if we can conquer employment, we can conquer ownership.").

229 *Minority Ownership in Broadcasting*, Minority Task Force Report, Federal Communications Commission, May 17, 1978 at 11-12.

Consequently, diminishing broadcast industry employment opportunities for minorities limit their ability to gain experience that might qualify them to own broadcast stations. In response to the D.C. Circuit Court of Appeals decision in Lutheran Church-Missouri Synod v. FCC,[230] which called into question the federal government's authority to establish any race-based programs aimed at increasing minority employment, the FCC adopted less stringent rules to address the court's objections. The rules continue to prohibit employment discrimination on the basis race, color, national origin and gender, and require station owners to advertise vacancies widely and to implement recruitment programs that would reach the entire community.[231] In explaining its authority to issue new EEO rules, the Commission stated:

> [W]e have authority to adopt rules fostering equal employment in the broadcast industry in order to further the statutory goal of fostering minority and female ownership of commercial spectrum-based services, reflected in Section 309(j) of the Communications Act. Finally, equal employment of minorities and women furthers the public interest goal of diversity of programming, both directly and by enhancing the prospects for minority and female ownership.[232]

A radio station owner who sold his facility because of competition from large group owners, lamented that consolidation would also diminish broadcast employment opportunities for minorities. None of the African American employees from his station or another minority station exiting the market received jobs from the new purchasers.[233] His comment reveals a danger that consolidation may cause the loss of both existing owners, and prospective owners who are unable to develop skills to own and operate broadcast stations unless government policies ensure that meaningful employment opportunities exist for minorities. Otherwise, the programming diversity that the government seeks will not occur, according to an Hispanic American LPTV owner.[234]

To help address the historical problem of lack of training to prepare people to assume leadership roles within station management, the National Association of Broadcasters Education Foundation created the Broadcast Leadership Training Program last January. Following the model of weekend MBA courses, the program promotes diversity and upward mobility for women and minorities in broadcast management. NABEF also sponsors the Gateway Fund, designed to promote entry-level training opportunities for minorities and women in the broadcast industry. The

---

[230] 141 F.3d 334, rehearing denied, 154 F.3d 487 (1998).

[231] Report and Order, In the Matter of Review of the Commission's Broadcast and Cable Equal Employment Opportunity Rules and Policies and Termination of the EEO Streamlining Proceeding, MM Docket Nos. 98-204 and 96-16, 15 F.C.C. Rcd. 2329 (2000) at ¶¶ 66 and 78.

[232] Id. ¶ 21. See also, id. at ¶ 62.

[233] Id. at 134-35 (Charles Remarks).

[234] Id. at 30 (Remarks of Benjamin Perez, Abacus Communications Co.).

two programs are intended to complement the Quetzal Fund, announced by broadcasters in November, 1999, that provides capital to minorities and women seeking to own broadcast entities.

Need for Tax Certificate

Among the most entrenched obstacles that minority owners have faced throughout their participation in commercial broadcasting is a perception that they are unattractive buyers who lack financing.[235] For years, stations changed hands among a closed community of broadcasters that excluded minorities.[236] Therefore, minorities rarely learned of stations available for purchase.[237] The problem of accessing "deal flow" for competitive properties persists.[238] The FCC's tax certificate, and to a lesser extent its distress sale policies, made minority sellers more attractive, however, and thus fostered minority ownership "by providing broadcast licensees an *incentive* to transfer their interests to minority-owned or controlled entities."[239] The Commission awarded tax certificates "to encourage both the sale of facilities to minority purchasers and the investment of start-up capital in minority entities."[240]

In describing the effectiveness of the tax certificate, former FCC Commissioner Tyrone Brown observed:

> [T]he tax certificate was a small, but very effective, way to encourage minority ownership in a number of respects. First of all, it relied on the greed of the sellers of communications properties at a time. . . when most communications properties sales were not public information. It was a club of broadcasters and a very small club of brokers who kept the information to themselves. And, typically, the only time one found out about properties being on the market was when the transaction was announced. So the tax certificate policy had the benefit of making it attractive

---

235 See "Access to Capital," supra at p 58.

236 See e.g, Rountable Tr. at 258-260 (Remarks of David Honig, Minority Media Telecommunications Council (MMTC)). According to one minority television respondent, the "[i]ndustry is still a country club with minorities making slow inroads into existing relationships."

237 Even now, the small numbers of minority media brokers limits access to information about available properties. Consequently, MMTC has entered media brokerage. Id. at 100 (Honig Remarks).

238 A total of 23 MTDP survey respondents identified lack of awareness of stations available for sale as a business difficulty they experienced during the survey period from July 1, 1999 through July 1, 2000. See also, Reply Comments of New Vision Communications, supra n. 52, at 2; and Roundtable Tr. at 96 (Remarks of Dahlia Hayles, Citizenship Education Fund).

239 1982 FCC Policy Statement, supra n.78, at ¶ 3 (Emphasis added).

240 Notice of Proposed Rulemaking, In the Matter of Policies and Rules Regarding Minority and Female Ownership of Mass Media Facilities, MM Docket Nos. 94-149 and 91-140, <www.fcc.gov/Bureaus/Mass_Media/Notices/fcc94323.txt>)(rel. Jan. 12, 1995) at ¶ 28.

> for sellers of properties to go out and search for minorities to sell those properties to because they got a tax benefit by doing that.[241]

The policy's success in achieving its intended ownership diversity goal in the broadcast industry motivated Congress to instruct the Commission to consider extending use of tax certificates to promote opportunities for minorities and other business owners in competitive bidding for spectrum-based services.[242] Over the objections of minority broadcasters[243] and industry associations,[244] among others, Congress repealed the tax certificate program in 1995.[245]

The Telecommunications Ownership Diversification Act of 2000, which Senators Mc Cain and Burns introduced at the end of the 106th Congress to re-institute the tax certificate program, found that:

> Opportunities for new entrants to participate in the telecommunications industry have substantially decreased since the end of the Federal Communications Commission's tax certificate policy in 1995, particularly in light of the increase in tax-free like-kind exchanges despite the most robust period in transfers of radio and television stations in history. Small businesses, and businesses owned or controlled by members of minority groups or by women, have been at a particular disadvantage, as indicated by their historic under representation as owners of telecommunications facilities.[246]

Many minority broadcast owners and others desiring to increase minority media and telecommunications ownership agree with this finding. Accordingly, they have expressed strong support for reestablishing the tax certificate program as an incentive to incumbent owners to sell

---

[241] Roundtable Tr. at 103-104 (Remarks of Tyrone Brown, Wiley, Rein & Fielding).

[242] Erwin G. Krasnow and Lisa M. Fowlkes, *The FCC's Minority Tax Certificate Program: A Proposal for Life After Death*, 51 Fed. Comm. L.J. 665, 669 (1999).

[243] See e.g., Senate Tax Certificate Hearings, supra n. 114 (Testimony of Raul Alarcon, Jr., President and Owners, Spanish Broadcasting System); and id. at 44, 45; (Testimony of Don Cornwell, Chairman and Chief Executive Officer, Granite Broadcasting Corp.).

[244] See e.g. Id. at 135 (Statement of National Association of Broadcasters); and id. at 137 (Statement of National Association of Minorities in Cable).

[245] See discussion supra at 24.

[246] Telecommunications Ownership Diversification Act of 2000, supra 40, at §2(a)(5).

their businesses to minorities.[247] Given the past effectiveness of the tax certificate program and the possible increased costs to minority broadcasters resulting from loss of the policy,[248] MTDP urges

continued exploration of proposals to restore this productive market-based incentive to promote minority media ownership.

V. CHARTING NEW COURSES: Broadcasters Moving Beyond Single Station Ownership and Conventional Technologies

The broadcast industry is undergoing rapid change, not only as a result of industry restructuring following the Telecommunications Act of 1996, but also as a consequence of a technological revolution that is changing the way audiences obtain information and enjoy entertainment. The new environment requires broadcasters, including minority owners, to adapt swiftly by improving their operations, and embracing new technologies to deliver their services. According to the results of MTDP's survey, minority broadcasters are already charting such new courses to enhance their competitiveness. The following discussion illustrates how multiple station ownership, public equity funding, and new technologies have contributed to minorities' increased ownership and control of viable commercial broadcast enterprises.

Multiple Station Ownership

De-regulatory changes over the past several years have motivated broadcasters to maximize station-operating efficiencies by strategically clustering stations. Although minority broadcasters remain predominantly single station operators, some are long-standing multiple station owners. Stand-alone station operators may find instructive some group owners' experiences for expanding their businesses. The African-American owned Willis Broadcasting Company, for example, which now owns about 40 stations broadcasting religious programs and gospel music,[249] has almost doubled its station holdings since 1998.[250] Last year, BIA ranked African-American owned Inner City Broadcasting, and Blue Chip Broadcasting, among the top ten radio station groups at 33 and

---

[247] See e.g. Roundtable Tr. at 104 (Brown Remarks regarding his work with Senator John McCain and Congressman Charles Rangel to develop legislation re-establishing the tax certficate program); See also supra at 55 noting that fifty-eight respondents to MTDP's 2000 survey replied that the tax certificate would facilitate future station acquisitions.

[248] Comparing startup costs for minority broadcaster who purchased a $450 million hypothetical publicly held corporation owning a mixture of 100 AM and FM stations in 20 markets using a tax certificate, but sold it to a new minority owner to whom the repealed incentive is unavailable, one commentator estimates a $1.5 million loss in value per station transferred. Yale M. Braunstein, *The FCC's Financial Qualification Requirements: Economic Evaluation of a Barrier to Entry for Minority Broadcasters*, 53 Fed. Comm. L.J. 69, 88-89 (2000).

[249] BIA Media Access Pro.

[250] See 1998 MTDP Report, supra n. 19, at 5, which also identified Willis Broadcasting as the largest minority-owned broadcasting entity.

42, respectively.[251] Multicultural Broadcasting, Inc. is another privately-held, minority-owned station group that has grown significantly in two years. In 1998, MTDP's report listed the Asian-American company with three stations, compared to a total of 23 stations in 2000.[252]

Public Equity Financing

The need for large amounts of expansion capital has motivated many broadcasters to seek funds from the public markets. Spanish Broadcasting System, Inc. (SBS) is the only company MTDP has identified under its definition of minority ownership to move from private to public ownership. An initial public offering, reportedly the second largest public offering in radio history,[253] raised $500 million for the company, which then bought another eight stations Puerto Rico.[254]

Until this year, MTDP's past minority ownership reports included Radio One, and its founder Cathy Hughes, among minority broadcasters who owned more than 50 percent of their company's equity. In May, 1999, the company raised $172 million in a public offering representing 29 percent of its shares.[255] The consequent dilution of Radio One's minority ownership resulted in its exclusion from this report's analysis of data about minority owners. NTIA recognizes that its majority equity ownership definition may affect other minority broadcasters similarly unless it incorporates evidence of minority control of an entity into a revised ownership definition. NTIA strongly endorses opportunities for minority broadcasters to access capital in sufficient amounts to support their growth and competitiveness. Accordingly, as discussed previously, NTIA will reexamine its definition and revise it to ensure that all minority-owned companies are eligible to receive the benefits of any programs or policies the government or others may adopt to promote minority ownership of broadcast and telecommunications enterprises.

New Technologies

As conventional broadcast technologies converge with new media, broadcasters are confronting the challenges of adapting to new technical standards and developing effective uses for the new technologies to serve existing audiences and attract new audience members. In the midst

---

[251] Katy Bachman, *We are Family*, Mediaweek, at 16, Aug. 23, 1999.

[252] BIA Media Access Pro.

[253] *Multi-Cultural Marketing Company, LLC , "MC2 "is Formed with Interep's Participation*, Business Wire, Oct. 16, 2000. [MC2 Announcement].

[254] Id.

[255] Keith L. Alexander, *Radio One's Mom-and-Son Team Deliver Urban Appeal*, USA Today, at 1B-2B, Oct. 3, 2000.

of the challenges, some minority owners have found opportunities to chart new courses for their enterprises and impact the broadcasting industry.

The growing consumer demand for high-speed high capacity networks to transmit large amounts of data motivated some broadcasters to organize the Broadcasters Digital Cooperative (BDC). The group is a coalition of stations that have agreed to dedicate a portion of their digital television spectrum for high-speed broadband data transmission.[256] Granite and other cooperative members, Benedek Broadcasting, Capitol Broadcasting, Citadel Communications, Clear Channel Television, Cosmos Broadcasting, Morgan Murphy Stations, Gray Communications, Nextstar Broadcasting, Pappas Telecasting, Paxson Communications, and Sunbelt Communications, intend for the effort to generate new revenue streams. The expense of digital conversion at a time of declining network compensation has increased the need for such new revenue sources. [257]

Many of MTDP's survey respondents indicated future plans to begin Internet radio broadcasting if they have not already done so. Webcasting their on-air programming may represent a relatively low cost way for stations to reach broader audiences without the expense of acquiring additional stations. In a study conducted by Arbitron and Edison Media Research, "side channels or subchannels" offer Internet delivery, usually through a station's main webpage, of its over-the-air programming, which can extend the station's brand.[258] The study found that 73 percent of those surveyed were somewhat or very interested in side channels, and 74 percent of listeners like or love the experience of listening to programs on the Internet.[259] In addition to the survey respondents, other minority owners are pursuing Internet broadcasting. As an example of an arrangement that could reach millions of new listeners, SBS has teamed up with AOL to provide live audio streaming of SBS broadcasts, as well as editorial content through SBS's LaMusica.com.[260]

The possibilities abound for new technologies to lead minority broadcast owners to new audiences and to greater competitive strength. Strategic station clustering and seeking public market capital offer possibilities for minority owners to consider. However, even as NTIA urges minority

---

[256] Glen Dickson, *Getting together over the data, station groups pool digital spectrum to rent out for broadband distribution*, Broadcasting & Cable, at 6, March 27, 2000.

[257] Id. Other broadcasters, although none are minority, have created a similar alliance, known as iBlast. Id.

[258] Arbitron and Edison Media Research, *The Side Channel Study: Extending Your Brand on the Internet*, Dec. 1, 2000 <http://www.arbitron.com/article2.htm>.

[259] *Id*.

[260] SBS News Release, *Spanish Broadcasting System and America Online Announce Strategic Promotional Alliance with LaMusica.com*, Aug. 2, 2000 <http://www.spanishbroadcasting.cm/pages/11main_e.html>.

owners to explore them and chart new courses for their futures, we recognize that serious challenges remain.

CONCLUSION

Promoting diversity of viewpoints in mass media remains an important national goal. Broadcasting has been and continues to be an effective means of disseminating information and entertainment to wide audiences. Concerns about the domination of the airwaves by a few powerful national voices at the expense of weaker local ones and equitable distribution of the Nation's scarce spectrum resources among many groups have guided national policy. NTIA is encouraged by the report’s findings of a modest increase in minority commercial broadcast ownership, and of the growth of some minority station group owners who have acquired more broadcast properties in the past two years.

It is too soon to know whether the report presents evidence of a promising trend toward increasing minority commercial broadcast ownership or merely a fortuitous time in the industry’s history during which some minority owners also benefitted. The report shows that the vast majority of minority broadcast owners operate a single commercial radio or television station. These owners continue to face obstacles in a competitive broadcast marketplace, despite their willingness to seek new revenue streams and adopt new management and ownership arrangements. They contend that industry consolidation has exacerbated some of the barriers that have long plagued them, including equitable access to capital, deal flow, advertising, and broadcast employment opportunities.

Government and industry should work together to eliminate these barriers. NTIA strongly encourages re-examination of successful policies such as tax certificates, and further development of private sector initiatives aimed at providing greater resources, training, and other opportunities. In all these undertakings, it will become increasingly critical that policies seeking to help minority owners use a definition of “minority ownership” that not only includes important minority players, but also ensures that the policies serve their intended beneficiaries.

By looking at the changes in the broadcast industry, we hope to help African-American, Asian-American, Hispanic-American, and Native-American broadcast owners overcome past challenges and chart new courses for sustained and successful service to their communities. Ultimately, promoting ownership opportunities for minority broadcasters in a consolidating, converging media industry fosters the diverse opinions and cultural expressions that enrich our entire nation.

APPENDICES

APPENDIX A - 2000 MTDP Survey and Letter to Broadcast Owners

OMB No. 0660-0016
Expires 01/31/01

National Telecommunications and Information Administration
Minority Telecommunications Development Program
2000 Survey of Minority Broadcast Owners

ADDRESS LABEL

Please correct any errors in the contact information above.

INSTRUCTIONS - PLEASE READ

The purpose of this questionnaire is to collect information from individuals who owned radio and/or televison broadcast stations during the period of July 1, 1999 through June 30, 2000.

The business owner(s) should complete this questionnaire even if the business has been sold, reorganized, or discontinued. However, on the address label, please also write "FORMER OWNER," or "NEW OWNER," as appropriate.

Please print all responses clearly in **black or blue ink**.

Use additional blank sheets if necessary to complete your response to any question. If you use additional blank sheets, we ask that you identify the question number and write: 1) your name; 2) the name of your business; and 3) the reference number found on the address label above.

Please return your responses by **Monday, August 21, 2000** in the enclosed stamped envelope addressed to: NTIA, MTDP - Room 4720, 1401 Constitution Avenue, NW, Washington, DC 20230. You may also complete the form on the Internet by visiting NTIA's website at www.ntia.doc.gov. If you choose to complete the form online, please use the reference number found on the address label above. If you have questions about this questionnaire, please call the Minority Telecommunications Development Program at (202) 482-8056 between 8:30 a.m. and 5:00 p.m. eastern standard time.

1. Please complete the chart below for each of the station(s) owned by this business.

Station Call Letters	AM Radio	FM Radio	Television	
			Full Power	Low Power

If additional lines are needed, please attach a separate sheet.

OWNERSHIP

2. Mark (X) the ONE box that indicates the ownership structure for this business:
- ☐ Individual Proprietorship
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Corporation
- ☐ Other - Specify (Please print) ________________________________

3. If partnership, mark (X) the ONE box that reflects the number of partners in this business:
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5
- ☐ More than 5 - Specify ________
- ☐ NOT APPLICABLE

4. If corporation, does another entity own more than 50% of the VOTING STOCK?
- ☐ YES - Specify (Please print) Name/Address of Owning/Controlling Entity ________________________________ ________________________________
- ☐ NO
- ☐ NOT APPLICABLE

5. If corporation, does another entity own more than 50% of the NON-VOTING STOCK?
- ☐ YES - Specify (Please print) Name/Address of Entity ________________________________
- ☐ NO
- ☐ NOT APPLICABLE

ETHNICITY

6. Are any of the owner(s)/majority stockholder(s) in this business of Spanish/Hispanic/Latino origin?
- ☐ YES - Mark (X) the appropriate boxes that reflect the origin(s).
  - ☐ Cuban
  - ☐ Mexican, Mexican American, Chicano
  - ☐ Puerto Rican
  - ☐ Other Spanish/Hispanic/Latino - Specify (Please print) ____________________________
- ☐ NO

RACE

7. Give the percent of ownership of this business by race of the owner(s)/majority stockholder(s). Each owner/majority stockholder should identify with the one race he/she considers himself/herself to be.

____% African American/Black/Negro
____% American Indian or Alaska Native
____% Asian American
____% Native Hawaiian or Other Pacific Islander
____% White
____% Other - Specify (Please print) ____________________________

100% Total

8. If applicable, give the percent ownership of VOTING STOCK by race of the owner(s)/majority stockholder(s)?

____% African American/Black/Negro
____% American Indian or Alaska Native
____% Asian American
____% Native Hawaiian or Other Pacific Islander
____% White
____% Other Race - Specify (Please print) ____________________________

100% Total

☐ NOT APPLICABLE

☐

9. If corporation, give the percent ownership of the NON-VOTING STOCK by the race of the owner(s)/majority stockholder(s)?

____% African American/Black/Negro
____% American Indian or Alaska Native
____% Asian American
____% Native Hawaiian or Other Pacific Islander
____% White
____% Other Race - Specify (Please print) ________________________________

100% Total

ACQUISITIONS/MERGERS

10. Did this business acquire or merge with another company between July 1, 1999 and June 30, 2000?

☐ YES - Specify (Please print)

Name/Address of Company Acquired or Merged with

____

☐ NO

BROADCAST INDUSTRY EMPLOYMENT

11. Were any of the owner(s)/majority stockholder(s) employed in the broadcasting industry before ownership?

☐ YES - Mark (X) the boxes that reflect the type of broadcast industry experience:
- ☐ General Manager
- ☐ Station Manager
- ☐ Business Manager
- ☐ Program Director
- ☐ Marketing/Sales Representative
- ☐ Other - Specify (Please print)

____

☐ NO

12. Combining the broadcast industry experience of all owner(s) of this business, how many total years of broadcasting employment did the owner(s) possess before ownership?

☐ 0
☐ 1-5
☐ 6-10
☐ 11-15
☐ 16 or more - Specify __________

LOCAL MARKETING AGREEMENTS

13. Are any of the station(s) owned by this business party to any local marketing agreements (LMAs)?

☐ YES
☐ NO
☐ DON'T KNOW

ADVERTISING REVENUE

14. Has the advertising revenue of this business changed for the 12 month period ending June 30, 2000 compared to the prior 12 month period (ending June 30, 1999)?

☐ INCREASED
☐ DECREASED
☐ NO CHANGE

SOLD STATIONS

15. Has this business SOLD any of its broadcast stations between July 1, 1999 and June 30, 2000?

☐ YES
☐ NO

16. If yes, how many stations were sold between July 1, 1999 and June 30, 2000?

☐ 1
☐ 2
☐ 3
☐ 4
☐ 5 or more - Specify ________
☐ NOT APPLICABLE

17. If yes, were any of these stations SOLD to minority-owned businesses?

☐ YES
☐ NO
☐ DON'T KNOW

PURCHASED STATIONS

18. Did this business BUY additional broadcast stations between July 1, 1999 and June 30, 2000?

☐ YES
☐ NO

19. If yes, how many additional stations were bought between July 1, 1999 and June 30, 2000?

☐ 1
☐ 2
☐ 3
☐ 4
☐ 5
☐ 6 or more - Specify ______
☐ NOT APPLICABLE

20. If yes, were any of these stations minority-owned?

☐ YES
☐ NO
☐ DON'T KNOW

INTERNET

21. Do any of the station(s) owned by this business currently broadcast over the Internet?

☐ YES, Please provide station(s) website addresses/call letters

____

☐ NO

22. Do any of the station(s) owned by this business plan to begin broadcasting over the Internet between July 1, 2000 and June 30, 2001?

☐ YES
☐ NO

23. If no, indicate the reasons why the stations owned by this business do not plan to broadcast over the Internet. Mark (X) all that apply.

☐ Not Interested
☐ Need More Information
☐ Access to Capital
☐ Station owns a website but does not use it to broadcast
☐ Plan to in Future
☐ Other - Specify (Please print)

____

BUSINESS DIFFICULTIES

24. Has this business experienced any of the following difficulties between July 1, 1999 and June 30, 2000? Mark (X) all that apply:

☐ Accessing Capital
☐ Obtaining Licenses
☐ License Renewal
☐ License Revocation
☐ Building New Station(s)
☐ Obtaining Advertising
☐ Loss of Personnel to Competitors
☐ Lack of Awareness of Stations Available for Sale
☐ Regulatory Barriers - Specify (Please print)

____

☐ Other - Specify (Please print)

____

☐ NOT APPLICABLE

25. Has this business experienced any of the following difficulties between February 8, 1996 (when the Telecommunications Act of 1996 went into effect) and June 30, 1999? Mark (X) all that apply:

☐ Accessing Capital
☐ Obtaining Licenses
☐ License Renewal
☐ License Revocation
☐ Building New Station(s)
☐ Obtaining Advertising
☐ Loss of Personnel to Competitors
☐ Lack of Awareness of Stations Available for Sale
☐ Regulatory Barriers - Specify (Please print)

____

Other - Specify (Please print)
NOT APPLICABLE

GOVERNMENT POLICIES

26. Which of these current or former federal government policies did this business use to facilitate CURRENT station license acquisition(s)?

☐ Tax Certificate
☐ Distress Sale
☐ No Policy
☐ Other - Specify (Please print)

____

27. In general, which of these current or former policies may help FUTURE station license acquisition?

☐ Tax Certificate
☐ Distress Sale
☐ No Policy
☐ Other - Specify (Please print)

____

____

28. In general, do you personally believe the 1996 Telecommunications Act hurt minority ownership opportunities?

☐ YES
☐ NO
☐ UNDECIDED
☐ NO OPINION

29. Personally, do you believe being a minority owner has affected your competitiveness in the industry?
☐ YES, Please explain

____

____

NO, Please explain

____

30. Remarks - Please use this space for any explanations that may be helpful in understanding your reported data.

31. **Contact Information**

Name of Person Completing Questionnaire ____

Title ____

Address ____

____

Telephone Number ____

Fax Number ____

E-mail ____

Signature ____

Please return the completed form in the enclosed, postage pre-paid envelope.If you prefer, you may fax the completed form to (202) 482-8058.

Minority Telecommunications Development Program (MTDP)

National Telecommunications
and Information Administration
1401 Constitution Avenue, N.W., Room 4720
Washington, DC 20230
(202) 482-8056 (v); (202) 482-8058 (fax)

The Minority Telecommunications Development Program (MTDP) was created in 1978 at the direction of President Jimmy Carter to coordinate federal government and private industry efforts to increase minority ownership of broadcasting outlets and telecommunications businesses. The National Telecommunications and Information Administration (NTIA), which administers the program, is an agency of the U. S. Department of Commerce. NTIA is also the principal advisor to the Executive Branch on telecommunications and information policy issues.

MTDP's mission is to develop policies and programs to promote ownership of electronic media and telecommunications firms by racial and ethnic minorities, including African Americans, Hispanic Americans, Asian Americans, and Native Americans. One of the most important aspects of MTDP's work is the research and analysis it conducts on minority participation in the broadcasting and telecommunications industries. In 1990, MTDP began gathering data on commercial broadcast station ownership by minorities. That year, NTIA published the first in a series of annual reports on minority commercial broadcast ownership.

MTDP also provides policy analysis of legislative and regulatory proposals affecting minority business ownership and development in the telecommunications and broadcasting industries. The program maintains information on financing, new technologies, business opportunities, and telecommunications policy and provides the information on MTDP's website at <www.ntia.doc.gov/opadhome/opad_mtdp.htm>. Finally, MTDP hosts meetings for minority professionals to discuss policy and telecommunications business opportunities.

For more information about the program, please contact MTDP staff:

Maureen A. Lewis, Director - <mlewis@ntia.doc.gov>
Chanda Tuck Garfield, Assistant Director - <ctuckgarfield@ntia.doc.gov>
Sheree Stalling, Administrative Assistant - <sstalling@ntia.doc.gov>

Dear Owner:

I am writing to request your help in obtaining important information about your experiences as a minority broadcast owner. The purpose of the attached questionnaire is to gather data and statistics that the National Telecommunications and Information Administration (NTIA) will use to assess the state of minority broadcast ownership in the United States, and to analyze the impact of the Telecommunications Act of 1996 on minority broadcast ownership.

This brief questionnaire requests information that broadcast owners maintain in the regular course of business and should require no more than 30 minutes to complete. The report will present questionnaire results and analysis in the aggregate or anecdotally without attribution to individual respondents. Your voluntary participation will assist us in developing policies and programs to increase minority broadcast ownership in the United States.

The success of NTIA's effort to create and advocate policies that promote broadcast ownership opportunities for minority entrepreneurs depends largely on the quality of the information we receive about your experiences. Your participation in this effort will ensure that NTIA obtains sufficient information to develop various policy recommendations and programs. Protecting diversity of media ownership is important to our Nation's future and NTIA needs your help accomplishing this important goal.

If you have any questions, please contact the Minority Telecommunications Development Program (MTDP) Director Maureen Lewis or Assistant Director Chanda Tuck Garfield at (202) 482-8056, weekdays between 8:30 a.m. and 5:00 p.m. eastern standard time. You may also send them a fax at (202) 482-8058 or email them at mtdp@ntia.doc.gov. Thank you in advance for your assistance with this valuable undertaking.

Sincerely,

Gregory L. Rohde

Enclosures

APPENDIX A-1 Minority Telecommunications Development Program (MTDP) 2000 Survey Interview Contact

OWNER REF. NO.________________DATE_____________CALLER INITIALS___________
1ST CONTACT NAME____

OWNER/SR MANAGEMENT
CONTACT NAME____

4. ETHNICITY

Are any of the owner(s)/majority stockholder(s) in this business of Spanish/Hispanic/Latino origin?

☐ YES - Mark (X) the appropriate boxes that reflect the origin(s).
- ☐ Cuban
- ☐ Mexican, Mexican American, Chicano
- ☐ Puerto Rican
- ☐ Other Spanish/Hispanic/Latino - Specify (Please print) ___________________________

☐ NO

2. RACE

Please provide the percent of ownership of this business by race of the owner(s)/majority stockholder(s). Each owner/majority stockholder should identify with the one race he/she considers himself/herself to be.

____% African American/Black/Negro
____% Asian American
____% White
____% American Indian or Alaska Native
____% Native Hawaiian or Other Pacific Islander
____% Other - Specify (Please print)

3. BROADCAST INDUSTRY EMPLOYMENT

Were any of the owner(s)/majority stockholder(s) employed in the broadcasting industry before ownership?

☐ YES - Mark (X) the boxes that reflect the type of broadcast industry experience:
- ☐ General Manager
- ☐ Station Manager
- ☐ Business Manager
- ☐ Program Director
- ☐ Marketing/Sales Representative
- ☐ Other - Specify (Please print) _______________________

☐ NO

OPTIONAL: Combining the broadcast industry experience of all owner(s) of this business, how many total years of broadcasting employment did the owner(s) possess before ownership?_________________

4. ADVERTISING REVENUE

Has the advertising revenue of this business changed for the 12 month period ending June 30, 2000 compared to the prior 12 month period (ending June 30, 1999)?

____INCREASED ____DECREASED ____NO CHANGE

5. STATION PURCHASES AND SALES

Has this business BOUGHT _____ OR SOLD_____ any broadcast stations between July 1, 1999 and June 30, 2000?

☐ NOT APPLICABLE

If yes, were the other parties to the transactions minority-owned businesses?

____ YES ____NO ____DON'T KNOW

6. BUSINESS DIFFICULTIES

A. Has this business experienced any of the following difficulties between July 1, 1999 and June 30, 2000? Mark (X) all that apply:

☐ Accessing Capital
☐ Obtaining Licenses
☐ License Renewal

- ☐ License Revocation
- ☐ Building New Station(s)
- ☐ Obtaining Advertising
- ☐ Loss of Personnel to Competitors
- ☐ Lack of Awareness of Stations Available for Sale
- ☐ Regulatory Barriers____

Other____

____

- ☐ NOT APPLICABLE

B. Has this business experienced any of same difficulties between February 8, 1996 (when the Telecommunications Act of 1996 went into effect) and June 30, 1999?

- ☐ Accessing Capital
- ☐ Obtaining Licenses
- ☐ License Renewal
- ☐ License Revocation
- ☐ Building New Station(s)
- ☐ Obtaining Advertising
- ☐ Loss of Personnel to Competitors
- ☐ Lack of Awareness of Stations Available for Sale
- ☐ Regulatory Barriers____

Other____

____

- ☐ NOT APPLICABLE

7. GOVERNMENT POLICIES

A. Which of these current or former federal government policies did this business use to facilitate CURRENT station license acquisition(s)?

- ☐ Tax Certificate
- ☐ Distress Sale
- ☐ No Policy
- ☐ Other_______________________________________

  ____

  ____

B. In general, which of these current or former policies may help FUTURE station license acquisition?

- ☐ Tax Certificate
- ☐ Distress Sale
- ☐ No Policy
- ☐ Other____
- ☐ ____

8. CONCLUSION

In general, do you personally believe the 1996 Telecommunications Act hurt minority ownership opportunities?

____YES ____NO _____UNDECIDED _____NO OPINION

NOTES____

____

____

APPENDIX B - Nielsen Media Research Listing of Designated Market Areas (DMAs) by Ranking

DMAs ranked by number of television households based on estimates from January 2000. DMAs with minority stations are highlighted.

Rank	Designated Market Area	Television Households
1	**New York**	**6,874,990**
2	**Los Angeles**	**5,234,690**
3	**Chicago**	**3,204,710**
4	**Philadelphia**	**2,670,710**
5	**San Francisco-Oakland-San Jose**	**2,423,120**
6	**Boston(Manchester)**	**2,210,580**
7	**Dallas-Ft. Worth**	**2,018,120**
8	**Washington, DC (Hagerstown)**	**1,999,870**
9	**Detroit**	**1,855,500**
10	**Atlanta**	**1,774,720**
11	**Houston**	**1,712,060**
12	**Seattle-Tacoma**	**1,591,100**
13	**Tampa-St. Petersburg, Sarasota**	**1,485,980**
14	**Minneapolis-St. Paul**	**1,481,050**
15	**Cleveland**	**1,479,020**
16	**Miami-Ft. Lauderdale**	**1,441,570**
17	**Phoenix**	**1,390,750**
18	**Denver**	**1,268,230**
19	**Sacramento-Stockton-Modesto**	**1,159,820**
20	**Pittsburgh**	**1,135,290**
21	**St. Louis**	**1,114,370**
22	**Orlando-Daytona Beach-Melbourne**	**1,101,920**
23	Portland	1,004,140
24	Baltimore	999,200
25	**San Diego**	**980,620**
26	**Indianapolis**	**963,320**
27	**Hartford & New Haven**	**915,940**
28	**Charlotte**	**880,570**
29	**Raleigh-Durham (Fayetteville)**	**858,490**
30	**Nashville**	**826,090**
31	**Kansas City**	**820,580**
32	**Cincinnati**	**820,000**
33	**Milwaukee**	**815,640**
34	**Columbus**	**757,860**
35	**Greenville-Spartanburg-Asheville-Anderson**	**732,490**
36	Salt Lake City	720,860
37	**San Antonio**	**684,730**
38	**Grand Rapids-Kalamazoo-Battle Creek**	**671,320**
39	**Birmingham (Anniston, Tuscaloosa)**	**667,650**
40	**Memphis**	**632,110**
41	**New Orleans**	**629,820**
42	**Norfolk-Portsmouth-Newport News**	**629,100**
43	**West Palm Beach-Ft. Pierce**	**623,760**
44	**Buffalo**	**621,460**
45	**Oklahoma City**	**600,240**
46	Harrisburg-Lancaster-Lebanon-York	599,930
47	**Greensboro-High Point-Winston Salem**	**592,770**
48	**Louisville**	**576,850**
49	**Albuquerque-Santa Fe**	**568,650**
50	Providence-New Bedford	565,230
51	**Wilkes Barre-Scranton**	**555,400**
52	**Jacksonville, Brunswick**	**540,450**
53	LasVegas	521,200
54	**Fresno-Visalia**	**511,050**
55	**Albany-Schenectady-Troy**	**507,000**
56	**Dayton**	**506,440**

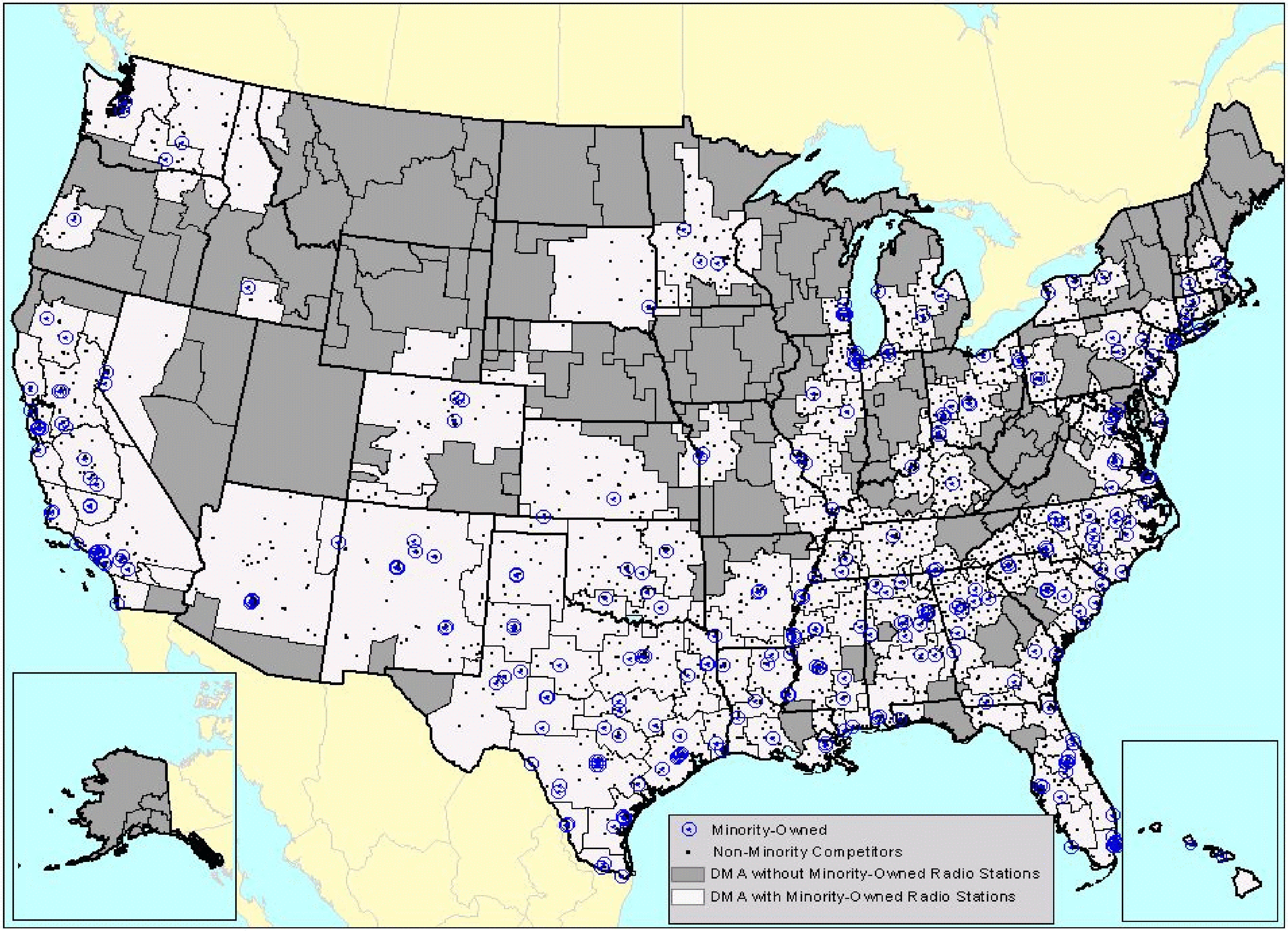
57	**Little Rock-Pine Bluff**	**488,000**
58	**Tulsa**	**482,740**
59	Charleston-Huntington	481,410
60	**Richmond-Petersburg**	**474,610**
61	**Austin**	**472,780**
62	**Mobile-Pensacola (Fort Walton Beach)**	**471,920**
63	Knoxville	451,870
64	**Flint-Saginaw-Bay City**	**444,120**
65	**Wichita-Hutchinson Plus**	**443,690**
66	**Lexington**	**416,200**
67	**Toledo**	**411,450**
68	Roanoke-Lynchburg	403,270
69	Green Bay-Appleton	392,300
70	Des Moines-Ames	387,850
71	**Honolulu**	**385,790**
72	Tucson (Sierra Vista)	380,900
73	**Omaha**	**373,320**
74	**Paducah-Cape Girard.-Harrisbrg-Mt.Vernon**	**370,900**
75	**Shreveport**	**370,480**
76	**Syracuse**	**369,680**
77	**Rochester**	**366,770**
78	**Spokane**	**366,080**
79	**Springfield, MO**	**363,500**
80	Portland-Auburn	355,040
81	**Ft. Myers-Naples**	**343,550**
82	**Huntsville-Decatur, Florence**	**342,460**
83	**Champaign & Springfield-Decatur**	**341,990**
84	**Chattanooga**	**327,310**
85	Madison	322,780
86	**Columbia, SC**	**317,740**
87	**South Bend-Elkhart**	**314,920**
88	Davenport-Rock Island-Moline	308,790
89	**Jackson, MS**	**305,830**
90	Cedar Rapids-Waterloo & Dubuque	303,470
91	Burlington-Plattsburgh	295,480
92	Tri-Cities, TN-VA	293,150
93	Colorado Springs-Pueblo	290,830
94	**Waco-Temple-Bryan**	**286,300**
95	**Johnstown-Altoona**	**286,070**
96	El Paso	276,980
97	Baton Rouge	276,130
98	Evansville	274,660
99	**Youngstown**	**272,990**
100	**Savannah**	**261,830**
101	Lincoln & Hastings-Kearney	260,190
102	**Harlingen-Weslaco-Brownsville-McAllen**	**254,460**
103	Ft. Wayne	249,350
104	**Charleston, SC**	**243,230**
105	**Springfield-Holyoke**	**242,450**
106	**Greenville-New Bern-Washington**	**241,040**
107	**Lansing**	**237,860**
108	**Tyler-Longview (Lufkin & Nacogdoches)**	**236,760**
109	**Tallahassee-Thomasville**	**230,300**
110	**Peoria-Bloomington**	**229,770**
111	**Reno**	**228,880**
112	**Monterey-Salinas**	**228,630**
113	**Santa Barbara-Santa Maria-San Luis Obispo**	**228,350**
114	**Sioux Falls (Mitchell)**	**228,260**
115	Augusta	228,240
116	**Florence-Myrtle Beach**	**227,520**
117	Montgomery (Selma)	226,810
118	Ft. Smith-Fayetteville-Springdale-Rogers	221,740
119	Fargo-Valley City	220,200
120	Traverse City-Cadillac	219,500
121	Macon	210,460
122	**Eugene**	**209,790**

123	**Lafayette, LA**	**203,650**
124	**Yakima-Pasco-Richland-Kennewick**	**199,850**
125	Boise	199,760
126	**Amarillo**	**191,450**
127	**Columbus, GA**	**186,790**
128	**Corpus Christi**	**184,900**
129	La Crosse-Eau Claire	182,310
130	**Bakersfield**	**181,660**
131	**Chico-Redding**	**176,610**
132	**Columbus-Tupelo-West Point**	**175,370**
133	Duluth-Superior	175,000
134	**Monroe-El Dorado**	**173,070**
135	Rockford	170,680
136	Wausau-Rhinelander	165,760
137	**Beaumont-Port Arthur**	**165,290**
138	Topeka	157,750
139	Terre Haute	157,200
140	**Wheeling-Steubenville**	**157,000**
141	Erie	154,550
142	Medford-Klamath Falls	154,310
143	**Wichita Falls & Lawton**	**153,330**
144	Sioux City	150,630
145	Columbia-Jefferson City	150,220
146	**Lubbock**	**147,570**
147	Joplin-Pittsburg	147,330
148	Bluefield-Beckley-Oak Hill	140,580
149	**Albany, GA**	**139,280**
150	**Odessa-Midland**	**138,510**
151	**Wilmington**	**138,120**
152	Minot-Bismarck-Dickinson	137,220
153	Rochester-Mason City-Austin	132,120
154	Binghamton	129,100
155	**Anchorage**	**128,280**
156	Bangor	128,140
157	Panama City	122,790
158	**Biloxi-Gulfport**	**117,040**
159	**Palm Springs**	**115,070**
160	**Sherman-Ada**	**113,640**
161	Quincy-Hannibal-Keokuk	110,740
162	**Salisbury**	**109,740**
163	**Abilene-Sweetwater**	**109,690**
164	Clarksburg-Weston	106,140
165	Gainesville	104,170
166	Idaho Falls-Pocatello	103,840
167	**Hattiesburg-Laurel**	**99,220**
168	Utica	97,270
169	Billings	95,010
170	Elmira	92,370
171	Missoula	91,330
172	Dothan	91,320
173	**Lake Charles**	**88,160**
174	Yuma-El Centro	86,960
175	Rapid City	85,950
176	Watertown	84,730
177	**Alexandria, LA**	**82,740**
178	Jonesboro	82,500
179	Marquette	81,770
180	Harrisonburg	77,850
181	**Greenwood-Greenville**	**76,320**
182	Bowling Green	75,560
183	Meridian	68,100
184	**Jackson,TN**	**63,840**
185	Parkersburg	61,960
186	Great Falls	60,880
187	Grand Junction-Montrose	59,210

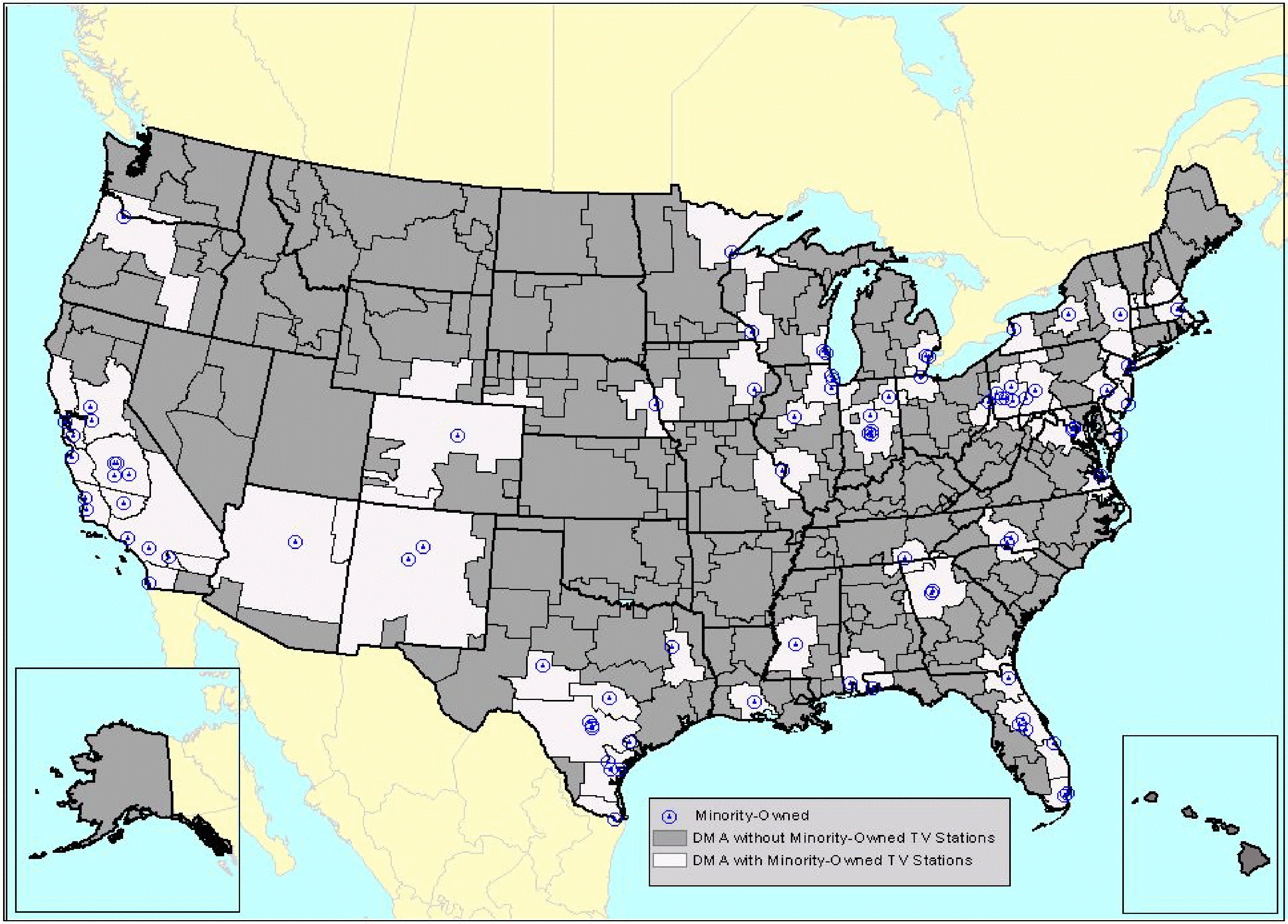
188	**Twin Falls**	**56,850**
189	Eureka	56,650
190	Butte-Bozeman	54,600
191	**Laredo**	**54,540**
192	St. Joseph	53,780
193	Charlottesville	52,840
194	Lafayette, IN	52,170
195	Mankato	52,000
196	**San Angelo**	**51,460**
197	Cheyenne Scottsbluff	50,020
198	Ottumwa-Kirksville	48,680
199	Casper-Riverton	48,280
200	Bend	41,950
201	Lima	38,060
202	Zanesville	31,840
203	Fairbanks	30,700
204	**Victoria**	**29,720**
205	Presque Isle	27,580
206	Juneau	23,930
207	Helena	20,940
208	Alpena	16,530
209	North Platte	14,550
210	Glendive	3,900

Source: Broadcasting & Cable Yearbook 2000

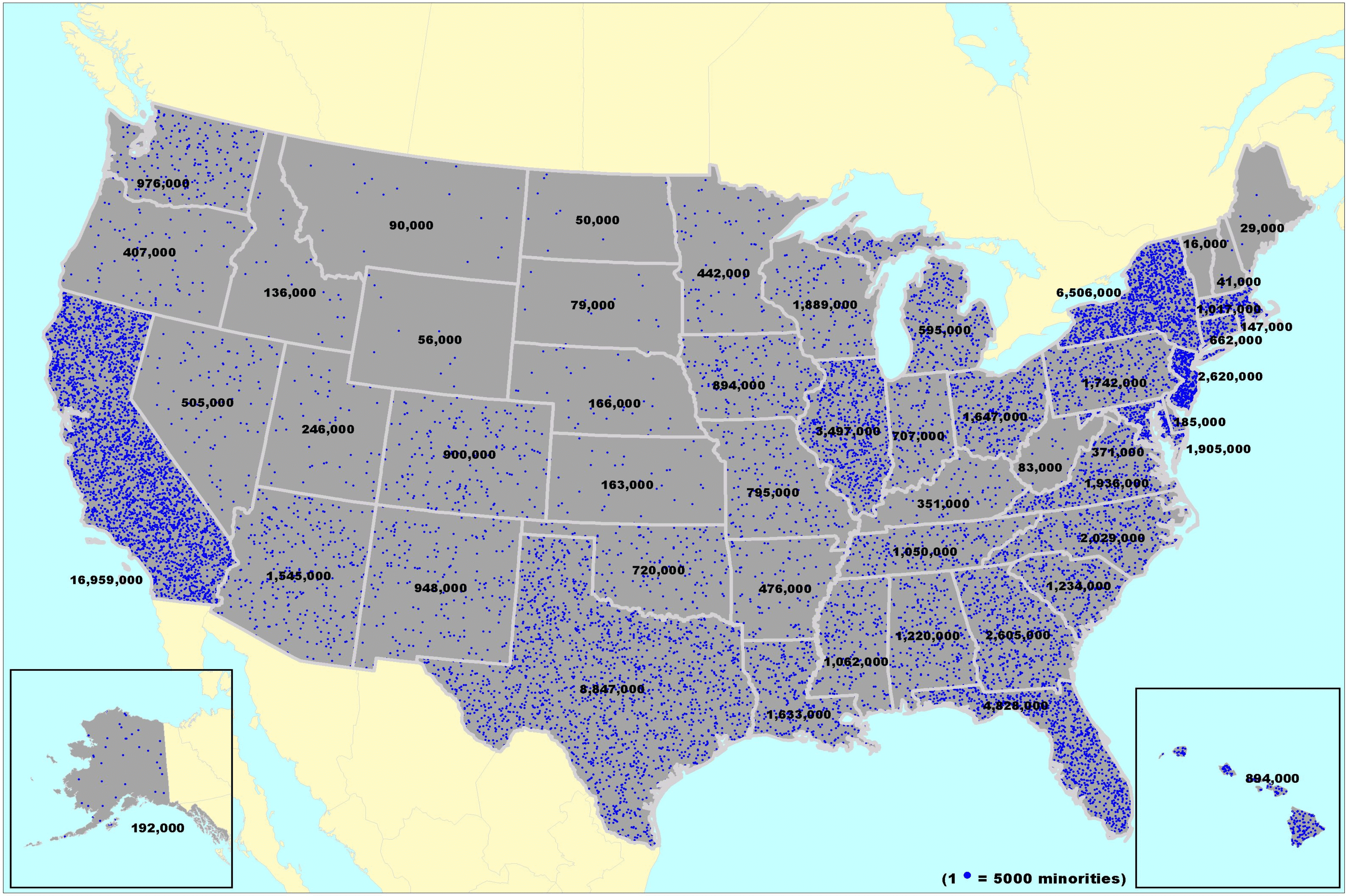
Appendix C: Minority-owned Radio Stations and their Non-minority Competitors, by DMA



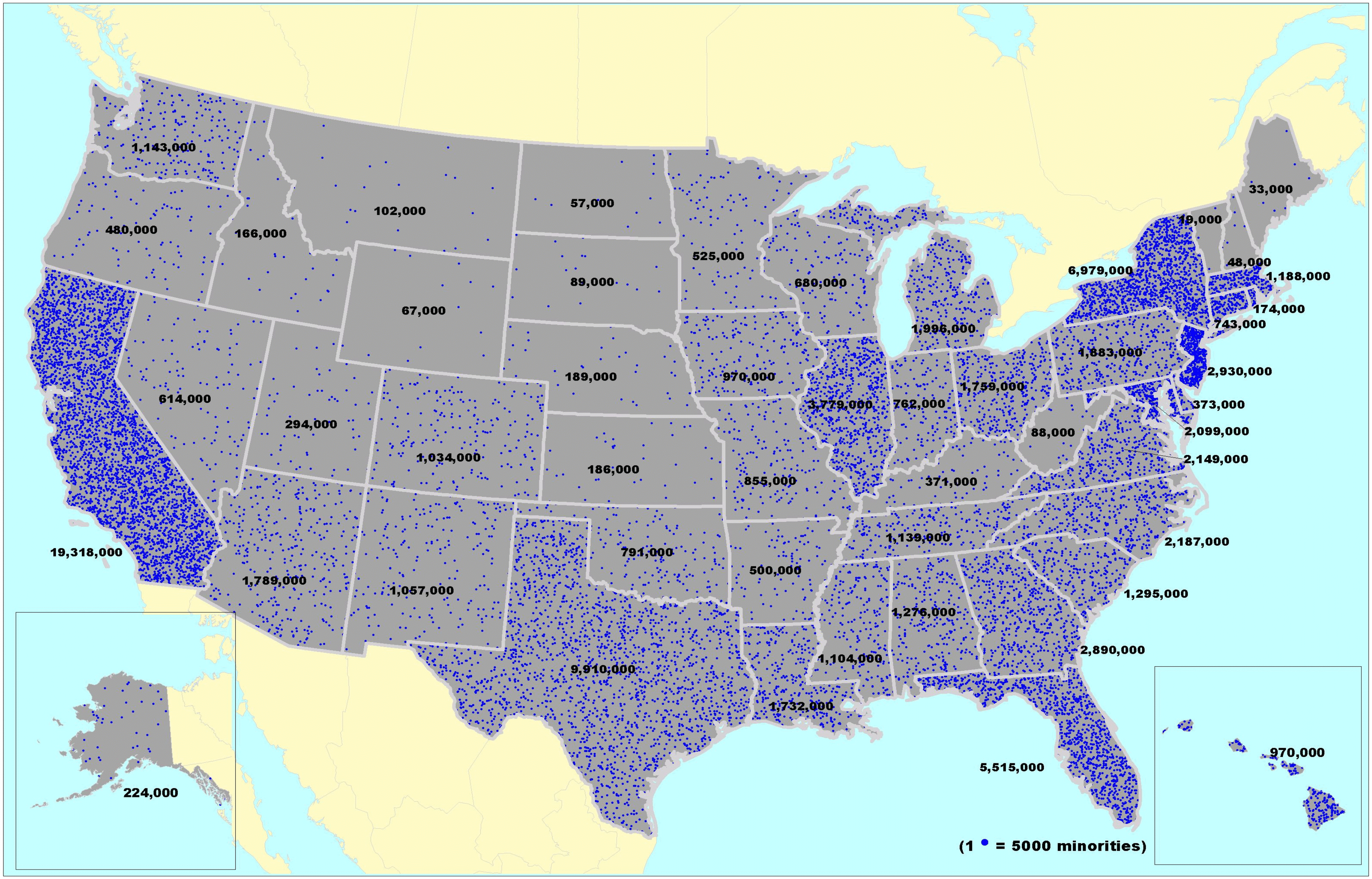
Appendix D: Minority-owned Full and Low Power TV Stations, by DMA



Appendix E: Minority Population for 2000



Appendix F: Minority Population Projection for 2005



Appendix G: Minority Population Projection for 2010