



Highlights of [GAO-08-383](#), a report to the Chairman, Subcommittee on Telecommunications and the Internet, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

The media industry plays an important role in educating and entertaining the public. While the media industry provides the public with many national choices, media outlets located in a local market are more likely to provide local programs that meet the needs of residents in the market compared to national outlets. This report reviews (1) the number and ownership of various media outlets; (2) the level of minority- and women-owned broadcast outlets; (3) the influence of economic, legal and regulatory, and technological factors on the number and ownership of media outlets; and (4) stakeholders' opinions on modifying certain media ownership laws and regulations.

GAO conducted case studies of 16 randomly sampled markets, stratified by population. GAO also interviewed officials from the Federal Communications Commission (FCC), the Department of Commerce, trade associations, and the industry. Finally, GAO reviewed FCC's forms, processes, and reports.

What GAO Recommends

To more effectively monitor and report on the ownership of broadcast outlets by minorities and women, GAO recommends that FCC identify processes and procedures to improve the reliability of its data on gender, race, and ethnicity. FCC provided technical comments that were incorporated where appropriate.

To view the full product, including the scope and methodology, click on [GAO-08-383](#). For more information, contact JayEtta Z. Hecker, (202) 512-2834, heckerj@gao.gov.

MEDIA OWNERSHIP

Economic Factors Influence the Number of Media Outlets in Local Markets, While Ownership by Minorities and Women Appears Limited and Is Difficult to Assess

What GAO Found

The numbers of media outlets and owners of media outlets generally increase with the size of the market; markets with large populations have more television and radio stations and newspapers than less populated markets. Additionally, diverse markets have more outlets operating in languages other than English, contributing to a greater number of outlets. Some companies participate in operating agreements wherein two or more media outlets might, for example, share content. As such, these agreements may suggest that the number of independently owned media outlets might not always be a good indicator of how many independently produced local news and other programs are available in a market. Finally, the Internet is expanding access to media content and competition.

On a biennial basis, FCC collects data on the gender, race, and ethnicity of broadcast owners to, according to FCC, position itself and the Congress to assess the need for, and success of, programs to foster minority and women ownership. However, these data suffer from three weaknesses: (1) exemptions from filing for certain types of broadcast stations, (2) inadequate data quality procedures, and (3) problems with data storage and retrieval. These weaknesses limit the benefits of this data collection effort. While reliable government data are lacking, available evidence suggests that ownership of broadcast outlets by minorities and women is limited. Several barriers contribute to the limited levels of ownership by these groups, including a lack of easy access to sufficient capital.

A variety of economic, legal and regulatory, and technological factors influence media ownership. Two economic factors—high fixed costs and the size of the market—appear to influence the number of media outlets in a market, the incentive to consolidate, and the prevalence of operating agreements. By limiting the number and types of media outlets that a company can own, various laws and regulations affect the ownership of media outlets. Technological factors, such as the emergence of the Internet, have facilitated entry for new companies, thereby increasing the amount of content and competition.

Stakeholders expressed varied opinions on modifications to media ownership rules. Most business stakeholders expressing an opinion on various media ownership rules were more likely to report that the rules should be relaxed or repealed. In contrast, nonbusiness stakeholders who expressed an opinion on the rules were more likely to report that the rules should be left in place or strengthened. Both business and nonbusiness stakeholders who expressed an opinion on a previously repealed tax certificate program supported either reinstating or expanding the program to encourage the sale of broadcast outlets to minorities.