Before the
Federal Communications Commission
Washington, D.C. 20554

PUBLIC NOTICE

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BROADCAST STATION TIME BROKERAGE SURVEY COMPLETED

The Commission's staff has completed a survey of the time brokerage practices of a randomly-selected cross section of radio and television stations.[1] This survey was undertaken in conjunction with an ongoing review of the Commission's radio rules in Docket 91-140 and for general informational purposes.

Background

The Commission has defined "time brokerage" as the sale of discrete blocks of air time by a broadcast station to a broker, who then supplies the programming to fill that time and sells the commercial spot announcements within the programming. Some of these arrangements are known in the industry as local marketing agreements or LMAs. Time brokerage has been a method of selling programming time within the broadcasting industry for many years and has been recognized, particularly with respect to the distribution of non-English language programming, as a means of increasing the diversity of programming available to the public. Recently, however, the use of time brokerage or LMA arrangements appears often to be associated with efforts to sustain the operations of stations facing economic difficulties. The Commission has under consideration in Docket 91-140 a number of issues pertaining to the status and regulation of such agreements under the Commission's rules.

Field Operations Bureau Survey

In December 1991, the Commission's Field Operations Bureau conducted a telephone survey of 284 stations in various-sized markets across the country to obtain information on the prevalence and functioning of time brokerage arrangements. In addition, the Bureau inquired as to compliance with various other Commission rules, such as main studio and public inspection file requirements. Commission staff visited the facilities of those stations indicating that they engaged in time brokerage and requested copies of the agreements involved.

Number of stations and amount of time brokerage involved

The survey identified 17 stations (6% of the total) that engaged in time brokerage. Six of these brokered stations acquired at least 98% of their programming from a broker; one acquired 92% of its programming from a broker; one brokering station provided 100% of its programming to another station through such an arrangement.

Ten of the 17 stations engaging in time brokerage provided the Commission with a written brokerage agreement. The other seven stations submitted documents or contracts suggestive of time brokerage, and further Commission inquiry confirmed that these stations were engaged in such arrangements. Two other stations (both FM) submitted agreements for the sale of advertising time by other stations in the same area without the provision of programming.

Nature of stations and brokerage involved

Of the 17 stations engaged in time brokerage, 16 were radio stations and one was a television station. Of the 16 radio stations, nine were AM and seven were FM. Two of the 16 were an AM/FM combination. One of the radio stations was the brokering station; the other 15 were receiving programming from a broker. The television station was brokered.

Of the 17 stations, three (two FM's and one television station) were in the same service as the brokering station, served substantial areas in common with the brokering station, and simulcasted the programming of the brokering station. Two of the FM stations simulcasted the programming of FM stations located outside of their service areas. (One of these audited stations was the brokering station.)

Of the 17 stations, at least 12 were airing programming provided by a broker not associated with any station licensee. Of those 12, three aired at least 154 hours of the non-licensee's programming per week.

Duration of agreements

The time brokerage agreements reviewed ranged in duration from six months to seven years.

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[1] The stations included in this survey were selected on a random basis. The sample size represents 2.4% of the total (commercial) radio and television population. The difference between the sample mean and the population mean is less than 1% and thus represents a sampling error of less than 1%.