

Remarks of Commissioner Kathleen Q. Abernathy
“Diversity is Good Business”
MMTC Conference on Building and
Financing Minority Broadcast Companies
July 20, 2004
(as prepared for delivery)

Thank you so much for inviting me to speak with you today. I am truly impressed by the number of accomplished, successful entrepreneurs and business people that are here today, and privileged to have the honor of speaking to you. I commend the Minority Media and Telecommunications Council for putting together this conference and bringing minority entrepreneurs, capital providers and others together to create more opportunities for minority ownership of broadcast companies. It is through networking opportunities like these that so much can be accomplished.

When we look at the numbers, we are at a disheartening point in our history when it comes to minority ownership of broadcast companies. Minority ownership of radio stations is about 4.2% and minorities own only about 1.3% of television stations. Now, it is not the numbers themselves that I am worried about. What troubles me is if minorities are precluded from the opportunities they want to pursue, because of discrimination, lack of awareness of opportunities, or the inability to gain access to financing to pursue ownership opportunities. I don't want to see people who are equally qualified and equally capable kept from attaining the same levels of achievement as their counterparts.

So what can we do about this? Stay committed, don't give up, and look for creative ways to address the problem. Today's conference is one such creative approach. It provides opportunities that are critical to developing ownership opportunities. But, what else can be done? And, in particular, what can the Commission do?

Fortunately, this Commission, led by Chairman Powell, has been committed to furthering diversity. With respect to employment opportunities, despite numerous court losses, we re-established equal employment opportunity rules that are both meaningful and we believe can withstand constitutional challenge. Our rules focus on broad outreach, training and anti-discrimination. Because of these rules, media companies will benefit from an expanded range of qualified applicants from which to choose and candidates will have a fair opportunity to compete for jobs. And in the end, the public benefits from services created and delivered by a diverse talented workforce.

This Commission also developed an “Advisory Committee on Diversity for Communications in the Digital Age.” Traditionally, the Commission has been focused on equal employment opportunities, and narrowly looked at only the media industry. Although I am optimistic about the steps we took in expanding employment opportunities, employment is just one piece of the puzzle. In order for minorities to have an impact on this sector, we need to focus on **advancement** to leadership positions within

companies as well as **ownership** of such companies. Ensuring diversity in media companies is of particular importance because of the role they play in shaping the images and perspectives we have in this society. But, we also need to look beyond media companies at **new technologies**. As these areas grow, our traditional notions of how we use and receive information will change. And such developing businesses may create more opportunities for new entrepreneurs.

The Diversity Committee was established last summer by Chairman Powell in order to provide guidance to the Commission on policies and practices that could increase the diversity of ownership and could create opportunities for women and minorities to advance to managerial positions in the communications industry. It is vital that we step back and think creatively about how we can enhance women's and minorities' participation in industry transactions, including ensuring that there is timely knowledge of potential transactions as well as access to capitol needed to participate in such transactions. We need to increase the educational training that is available for women and minorities in order to facilitate opportunities in upper level management and ownership. And, as I just mentioned, we need to focus not just on the traditional media, such as radio and television, but on opportunities in newly developing industries utilizing new technologies. That is precisely where opportunities may arise.

I am encouraged by the research that is being done by the Committee and the creativity of the industry that is being brought to bear on these issues. The caliber of experience and talent of the people who have been chosen – and most graciously agreed – to sit on this Committee is astounding. I have had the privilege of working with and learning from several members of the Committee. And they all have a proven record of innovation and success in leadership. Not only do we have the benefit of their wisdom, but they are further tapping into experts from other areas such as the financial and technology communities, to learn from their experiences, as well. We need to look at what is working in each industry, and what is not, and come up with best practices, as well potential regulatory actions and initiatives that can be undertaken by the FCC.

The Diversity Committee recently held its third full committee meeting, where the Committee adopted a range of resolutions and recommendations aimed at promoting opportunities for minorities and women in telecommunications and related industries. The Committee expressed its belief, one which I indeed support, that tax-based incentives such as the former tax incentive program would help stimulate opportunities for minorities. Reinstatement of a tax incentive program, however, is in the purview of Congress, not the FCC. And, although we can do what we can to promote the idea, there may be more direct steps that this agency can also take. For example, the Committee recommended that we:

- (1) Reaffirm the Distress Sale Policy;
- (2) Create incentive-based regulations within FCC ownership and licensing rules;
- (3) Consider a Supplier Diversity Program that provides auction credits to companies that do business with diverse entities; and

(4) Adopt a rule specifically prohibiting intentional discrimination on the basis of race, color, national origin or gender in the purchase or sale of any FCC-licensed facility.

The Career Advancement Subcommittee also submitted a report on best practices in promoting workplace diversity. I look forward to working with my colleagues in reviewing these recommendations and any future proposals put forth by the Committee.

The Media Bureau also recently released a public notice seeking comment on ways we can promote opportunities and identify and eliminate barriers for women- and minority-owned telecommunications businesses and small businesses in furtherance of the goals of Section 257 of the Telecommunications Act of 1996 and Section 309(j) of the Communications Act of 1934. The Commission released a number of market entry barrier studies in December 2000 that we hope to build upon, especially in light of the recent Supreme Court decisions on the use of race in university admissions.

Furthermore, in our media ownership decision, in order to help promote diversity of ownership, we allowed grandfathered station combinations that would have violated the new rules to be transferred as a group *only* to small business entities, which often include minority- and women-owned businesses. In addition, these eligible entities would be allowed to freely transfer combinations to ensure that the restriction on the sale of assets does not disproportionately harm the financial stability of smaller businesses. Of course, we also put in the necessary safeguards, such as holding periods, to ensure that these rules are not abused.

Now, I recognize that there were concerns about using the “small business” classification. As you are all aware, however, our rules were remanded by the Third Circuit and this issue, among others, remains in play. As part of its decision, moreover, the Court directed the Commission on remand to also consider MMTC’s proposals for enhancing ownership opportunities for women and minorities rather than addressing it in a separate rulemaking. Regardless of the course of action we take with respect to our broadcast ownership rules, I am personally committed to exploring how we can ensure that minority and women have opportunities to become an active part of the growing telecommunications industry.

I recognize that we have a long way to go, but I draw some comfort from the fact that we are headed in the right direction. One message that I do hope we can get across is that diversity is not, and should not be, solely a social or moral goal, but it is and should be a business imperative. It is a sound business policy to have minority and women represented at high levels and in ownership positions throughout the communications industry. What we need to focus on, is that we are not looking for *special* opportunities, but *business* opportunities. Although I hope that we all approach the world with a kind heart and generous spirit, the reality is that changes are more likely to be made when we demonstrate that they help the bottom line. Women comprise a significant part of our society and the United States is become more multi-racial every day. To succeed, the media industry, and indeed all industries, need to reflect the multi-cultural environment

that we live in and, particularly, that our children are growing up in. To put it plainly, diversity is good business.