

**Remarks of  
Commissioner Deborah Taylor Tate**

**The Media Institute**

**February 28, 2007**

**(As Prepared)**

Thank you, Dick, for that kind introduction, and thank you, Media Institute, for inviting me to speak at today's luncheon. It's a real privilege for me to be here.

Recently, I was asked about my goals for the year ahead and what I'd like to accomplish. It was an important and thought-provoking question, because, as most of you know, it is all too easy each day to become consumed with meetings or other office duties. However, I believe that I am here for a purpose, and I want to use every single day to the best of my ability to make a difference, so that our decisions are not such about technology for technology's sake but make a real difference in people's lives all across this great nation.

No doubt most of you are aware of my passion regarding issues impacting children and families. Indeed, I have devoted most of my professional career to working on issues ranging from better schools to representing abused and neglected children to rewriting the mental health laws in Tennessee. I have continued to champion such issues at the FCC and, as you know, have been a strong proponent of enforcing congressional restrictions on the broadcast of obscene, indecent, and profane programming; translating children's programming obligations to the new, digital multicast world; and fighting against the national epidemic of childhood obesity.

I'm sure you have also been reading about my interest in the Commission's report to Congress on violent programming, which we are poised to release. Whether or not we agree about jurisdiction, it is disheartening to me to think that children see over 10,000 acts of violence every year on TV alone, not to mention what they see on the Internet, gameboys, Xbox live. We all should be concerned, no matter what we believe the right regulatory answer is.

All of these issues are important to me, and they're important to most American families raising their children in this world of omnipresent media. People talk with me about them wherever I go. But, since most of you know of my passion regarding these issues, today I want to focus on another longstanding commitment of mine: increasing diversity at all levels of media, from management to ownership to other "spheres of influence." A couple of weeks ago, I had the chance to spend some time with this year's participants in the NABEF Broadcast Leadership Training Program, which is targeted to senior broadcast managers who aspire to become group executives or station owners. The members of the class looked like America – Hawaiians, native Americans, Hispanics,

African Americans, from small towns and urban areas – all with the dream of being a small business owner, a broadcaster, serving the public interest over the public airwaves.

But, what is the state of women and minorities in broadcasting? According to a recent Free Press survey of commercial television ownership entitled, “Out of the Picture: Minority & Female TV Station Ownership in the United States,” researchers found that:

- Women comprise 51 percent of the entire U.S. population, but own a total of only 67 stations, or 4.97 percent of all stations.
- Minorities comprise 33 percent of the entire U.S. population, but own a total of only 44 stations, or 3.26 percent of all stations.

Breaking minority ownership down even further:

- Hispanics or Latinos comprise 14 percent of the entire U.S. population, but own a total of only 15 stations, or 1.11 percent of all stations.
- Blacks or African Americans comprise 13 percent of the entire U.S. population, but own a total of only 18 stations, or 1.3 percent of all stations.
- Asians comprise 4 percent of the entire U.S. population, but own a total of only 6 stations, or 0.44 percent of all stations.

I don't have similarly recent and detailed statistics for radio ownership, but a few years ago the Minority Media and Telecommunications Council submitted a report by Kofi Ofori, which found that, as of 2001, minorities controlled only 3.2 percent of all commercial FM radio stations.

These statistics demonstrate that ownership of broadcast stations by women and minorities remains at extremely low levels that I find troubling. And, I'm not alone in feeling that way. Last Friday, the Commission held its third media ownership field hearing in Harrisburg, Pennsylvania, where several members of the public who participated commented on this lack of diversity at a very local level.

Of course, we have to recognize that there are many factors contributing to the current state of affairs, many of them far beyond the control of the FCC. MMTC has identified three primary hurdles that most small businesses, especially those owned by women and minorities, confront: lack of access to financing, both capital and debt – I understand that access to debt financing may be the greater problem – lack of access to spectrum, and lack of access to opportunity. I want to make sure that the Commission is doing all that it can to reduce or remove these obstacles to greater diversity.

In fact, Congress demands that the Commission do this much. Section 257 of the Communications Act directs the FCC to identify and eliminate market entry barriers for small telecommunications carriers as part of a “National Policy” favoring a “diversity of media voices.” Section 309(j) of the Act requires the FCC to increase opportunities in the allocation of spectrum-based services for “businesses owned by members of minority groups and women” in its auctions.

What, then, can the Commission do to fulfill these congressional mandates, consistent with judicial precedent? The Supreme Court ruled in *Adarand Constructors v. Peña* that federal, race-based programs are subject to “strict scrutiny” First Amendment review and must be “narrowly tailored measures that further compelling governmental interests.” As a result, the Commission has, for example, declined to adopt race- or gender-based provisions in its auction procedures, focusing instead on assisting all small businesses.

There are a number of race- and gender-neutral initiatives that I believe the Commission could undertake pursuant to the Section 257 mandate to remove barriers to market entry by small businesses and promote diversity of media voices. Some are informal and more immediate in their impact – the use of our time and efforts to champion the issue of ownership diversity, to call attention to it and raise the level of conversation. Others require formal action, including congressional legislation and Commission rulemaking. However change is accomplished, I hope we all agree with the end goal. We just need to get to work!

Perhaps the most effective action the Commission could take is to establish a new tax certificate program similar to the one in effect from 1978 until its repeal by Congress in 1995, broadened to assist all small businesses in response to *Adarand*. In the years after its inception as an initiative under the leadership of then-FCC Chairman Wiley, the program contributed to an increase in minority broadcast ownership from 60 stations to over 300 stations by using market-based incentives to encourage the provision of start-up capital to minority-controlled companies or the sale of properties to such companies. Of course, such an action is dependent on Congress giving the FCC the same statutory authority it previously had to adopt such a program. I’m encouraged to know that HR 600, introduced in the Ways and Means Committee earlier this year by Representative Bobby Rush (D-IL), would do just that.

As for initiatives within more immediate Commission control, we already approved one last fall, when we adopted an Order to streamline the process stations use to change their community of license. Many of the stations owned by minorities, for example, are located in suburban or exurban areas that may be far removed from the more urban audiences they’re attempting to target and serve. By allowing community of license change proposals to be processed as minor modifications, we have significantly reduced administrative burdens and regulatory delays. As a result, stations can more easily be relocated and, perhaps, even upgraded, and investors may be more willing to provide necessary funds.

I also hope that the Commission will act soon to consider the use of FM translators by AM stations. As of 2001, more than half of all minority-owned radio stations were AM stations, which are subject to greater interference and often must significantly reduce power or cease operations altogether at nighttime. Last summer, the National Association of Broadcasters filed a petition for rulemaking to allow AM stations to use FM translators as a fill-in service. We received over 600 comments in response, almost all of which supported the proposal. If the Commission ultimately adopts the necessary

rule changes to permit this use of FM translators, I believe that it could help revitalize the AM service to the benefit of smaller, women- and minority-owned broadcasters. I have been working hard to move us forward on this simple step.

Chairman Martin and I have discussed another intriguing idea for helping small and independently owned businesses overcome financial and resource constraints: allowing them to enter the broadcast industry by leasing some of an existing broadcaster's spectrum to distribute their own programming. You may have seen some of his comments on this subject. As conversion to digital operations occurs, enabling more broadcasters to fit a single channel of programming into a smaller amount of spectrum, the additional spectrum left over can be used to air other channels of programming. Small and independently owned businesses could take advantage of this advance in compression and use a portion of the existing broadcasters' digital spectrum to operate their own station. They would obtain all the accompanying rights and obligations, such as carriage rights and public interest obligations, including children's programming.

MMTC recently suggested another proposal that deserves consideration: relaxation of the Commission's equity-debt plus, or "EDP," attribution standard. An in-market party providing more than 33 percent of the total assets of a licensee – equity plus debt – is considered to have enough control over the licensee to create an attributable interest in the licensee's stations, resulting in those stations counting toward the financier's ownership limits in that market. The EDP standard serves to prevent circumvention of the Commission's ownership limits, but, at its present level, it may actually be aggravating the difficulty that many small broadcasters have in accessing debt financing by limiting the ability of sellers to finance the purchase of their stations. Raising the EDP attribution threshold could help small businesses attract the debt financing they need to enter the broadcast market.

In the past, Commission staff has cooperated with groups like MMTC to conduct seminars in advance of a spectrum auction. I've started to think about how the Commission could similarly assist fledgling broadcasters, perhaps by co-hosting a forum to introduce them to "angel" investors or discuss ways to expand existing financing options like J.P. Morgan's \$170 million Quetzal Fund, in which 15 well-known media companies – including some in this room – already participate. Companies like Clear Channel are already doing this, recently coordinating with NAB and MMTC to hold a "fly in" meeting here in Washington, DC, where female and minority entrepreneurs could learn more about the stations that Clear Channel is selling and receive training on due diligence, business planning, capital formation, and broadcast regulatory issues. I want to applaud Clear Channel, not only for providing this opportunity to such potential buyers, but also for making it a priority.

There are additional worthy proposals that I don't have time to mention, including many that have been adopted by the Commission's Advisory Committee on Diversity for Communications in the Digital Age. And, on that front, I want to say how pleased I am that the Diversity Committee is being reinvigorated under the leadership of Chairman Martin, with its charter renewed through December of 2008.

These may seem like small steps, but I believe that together they could prove to be tremendously beneficial in improving access by women and minorities to capital, spectrum, and opportunity. And, of course, change has to start somewhere.

We need more diversity in broadcasting at all levels – behind the microphone and in the production room, as well as in the board room. I am doing all that I can to achieve this important goal, through formal FCC actions and in reaching out to industry partners to offer my help and support. I know that many of you have likewise worked for a long time to increase diversity, and I thank you and welcome your thoughts on how we can work together to spread the word of good business practices that truly can make a difference.

Thank you again for inviting me to join you.