

Remarks of FCC Chairman Kevin Martin
Rainbow Push Coalition
11th Annual Wall Street Project Economic Summit

(As Prepared for Delivery)

I want to begin by thanking Reverend Jackson for inviting me to be here today and for hosting the FCC's media ownership hearing held at Rainbow Push headquarters in Chicago.

Technology today touches almost every aspect of our lives. We are dependent upon it for our news, our information and our entertainment. It's an exciting time in the media and telecommunications industries—but it is also a challenging one.

The Commission has taken a number of steps to improve the communications landscape for all Americans, including minorities.

A particular point of focus has been promoting the availability and adoption of broadband internet access. We have made significant progress on this point. The Commission has acted to remove regulatory barriers to broadband deployment, and the result has been a significant increase in the number of Americans subscribing to broadband at the same time that the price for broadband services has declined. This success has been confirmed by studies by the independent Pew Internet and American Life Project.

This has resulted in a significant closing of the digital divide. For instance, in March of 2005, when I became Chairman, Pew found that only 14% of African Americans subscribed to broadband—among the lowest of any major demographic group. Today 40% of African Americans have a broadband internet connection at home, an increase of 31% since March of 2006 and an increase of 186% since March of 2005.

Broadband infrastructure for healthcare is particularly critical to those living in rural areas where access to medical services can be limited. The Commission recently took action to improve broadband access for healthcare providers across the country, awarding more than \$417 million dollars for the construction of 69 state-wide and regional broadband healthcare networks in 42 states and 3 U.S. territories. The networks will connect over 6,000 healthcare facilities across the country, including hospitals, clinics, public health agencies, universities and research facilities, behavioral health sites, community health care centers, and others. Through the Commission's Rural Healthcare Pilot Program, I am hoping to establish the basic building blocks of a digitally connected health system.

The Commission has also taken steps to address skyrocketing cable rates. I'm sure I don't have to tell you that cable rates have risen faster than the rate of any other communications service. But you might not know how significant that disparity is. The average cost of the expanded cable package (the standard cable package) almost doubled

from 1995 to 2005—increasing 93%—while the cost of other communication services didn't just increase less, they *fell*. Long distance calls, wireless telephone calls, international calls – the price for all these services decreased significantly. Why the difference? The cable industry needs more competition.

Studies (including by the Government Accounting Office, or GAO) had confirmed that the only real check on cable rate increases was when the cable operator has a direct competitor (not by a satellite provider, but another cable operator). The Commission therefore took an important step in enabling consumers to have a choice of cable operators at the end of 2006 by facilitating the ability of new entrants to obtain franchises to provide video service.

Another impediment to competition lies in the fact that people who live in apartment buildings often have no choice of companies when it comes to their video service provider. This is because building owners often strike exclusive deals with one cable operator to serve the entire building, eliminating competition.

The Commission recently eliminated this anti-competitive practice by prohibiting building owners from denying residents a choice among video service providers. I believe those who live in apartments should have the benefits of competition, too: lower rates and better service.

Minorities in particular will benefit. That is because a greater percentage of minority-headed households live in apartment buildings. According to the American Housing Survey Report, 40% of all households headed by people of color live in apartments, compared to 27% of all households.

A robust marketplace of ideas is by necessity one that reflects varied perspectives and viewpoints. Along with competition and localism, diversity is one of the three core goals that form the foundation of the Commission's media policies. Indeed, the opportunity to express diverse viewpoints lies at the heart of our democracy. In order to ensure that the American people have the benefit of that competitive and diverse media marketplace, we need to create more opportunities for new and independent voices to be heard. The FCC is committed to this mission.

We are working to expand opportunities for entry into media and media programming as well as entry into other communications services. One significant obstacle is the limited number of broadcast channels available to minorities and new entrants. Another obstacle is access to capital. Breaking into the telecommunications industry is a difficult task. It can be very difficult for anyone – but especially for a new voice – to find an available channel and gather enough capital to build a new broadcast station.

The Commission took steps to try to address these issues in the radio market by creating low-power FM. These LPFM stations could be squeezed into the existing FM

band by lowering the power limits. LPFM thus provided an important opportunity for new local voices in radio.

The Commission's goal in creating the Low Power FM service was to create a class of radio stations designed to serve very localized communities or underrepresented groups within communities. Low Power FM provides a lower cost opportunity for more new voices to get into the local radio market. An LPFM station can be constructed for as little as \$10,000 compared to the \$50,000 to \$250,000 cost of construction a full power FM station.

Last November, we significantly reformed our Low Power FM rules in order to facilitate LPFM stations' access to limited radio spectrum. The new order streamlines and clarifies the process by which LPFM stations can resolve potential interference issues with full-power stations and establishes a going-forward processing policy to help those LPFMs that have regularly provided eight hours of locally originated programming daily in order to preserve this local service. The new rules are designed to better promote entry and ensure local responsiveness without harming the interests of full-power FM stations or other Commission licensees.

The Commission also adopted an order recently that will facilitate the use of leased access channels. Specifically, the order made leasing channels more affordable and expedited the complaint process. These steps will make it easier for independent programmers to reach local audiences.

Recently, the Commission put in place a number of the actions that have been requested of us by the Minority in Media and Telecom Council, among others. Specifically, the Commission's Order adopting rules to promote diversification of broadcast ownership takes these actions, among others: changes its construction permit deadlines to allow "eligible entities" that acquire expiring construction permits additional time to build out the facility; revises the Commission's equity/debt plus ("EDP") attribution standard to facilitate investment in eligible entities; modifies the Commission's distress sale policy to allow a licensee – whose license has been designated for a revocation hearing or whose renewal application has been designated for a hearing on basic qualifications issues – to sell its station to an "eligible entity" prior to the commencement of the hearing; adopts an Equal Transactional Opportunity Rule that bars race or gender in broadcast transactions; adopts a "zero-tolerance" policy for ownership fraud and "fast-track" ownership-fraud claims and seek to resolve them within 90 days; requires broadcasters renewing their licenses to certify that their advertising sales contracts do not discriminate on the basis of race or gender; encourages local and regional banks to participate in SBA-guaranteed loan programs in order to facilitate broadcast and telecommunications-related transactions; gives priority to any entity financing or incubating an eligible entity in certain duopoly situations; considers requests to extend divestiture deadlines in mergers in which applicants have actively solicited bids for divested properties from eligible entities; convenes an "Access-to-Capital" conference that will focus on the investment banking and private equity communities and opportunities to acquire financing; announces the creation of a guidebook on diversity

that focuses on what companies can do to promote diversity in ownership and contracting; and revises the exception to the prohibition on the assignment or transfer of grandfathered radio station combinations.

Finally, the Commission is working to ensure that new entrants are aware of emerging ownership opportunities in the communications industry. In January 2006, Clear Channel Communications sponsored an educational conference presented by the Minority Media and Telecommunications Council, and hosted by the National Association of Broadcasters Education Foundation. This conference helped ensure that minority and women entrepreneurs had access to information necessary to enable them to participate in the acquisition of Clear Channel radio and television assets.

Recently, I sent a letter to the Advisory Committee on Diversity for Communications in the Digital Age requesting its assistance in facilitating such educational outreach in the context of ownership transactions across all of the sectors we regulate. Specifically, I suggested that the Diversity Committee help create similar educational conferences to be conducted by the communications industry whenever a significant ownership transaction is proposed to the Commission. It is my hope that these conferences will serve to encourage and facilitate communications companies that engage in transactions and license transfers to include small businesses, minorities, and women entrepreneurs, and other designated entities during negotiations on assets and properties identified for divestiture.

The FCC needs to be committed to expanding opportunities for entry into media ownership and media programming, as well as other communications services. I believe we are making great progress, but there is much yet to be done.

Thank you very much for inviting me to be here today. I look forward to continuing to work with you on these issues.