

Prepared Remarks of FCC Commissioner Mignon L. Clyburn
Capital Assets Conference: Financing Minority and Women Ownership in Broadcasting
National Association of Broadcasters
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Owning a television or radio station, has been a dream for some of us, as long as we can remember. For those who value the role of the fourth estate, there are few things more professionally fulfilling, than having the ability to serve, the capacity to contribute and the tools to inform communities, through such an incredibly powerful medium. But the hard, cold reality is this: a new entrant, with no existing license, has a supreme challenge when it comes to acquiring the capital necessary to seal a broadcast property deal. Compound this with being a woman or person of color, and it may seem next to impossible, to break into the business.

Last Fall, I had the opportunity to sit down with four different station owners at the NAB Radio Show in Nashville. One, a minority-owned station group, estimated that launching a single new radio station would require around \$10 million in financing.

Affirming this assessment, was an FCC staff analysis of SNL Kagan data, which found that in 2015 and 2016, there were a combined 169 television stations sold. The average sales price: \$20.5 million. Of the full-power stations sold in the top 50 markets, the average sales price topped \$33 million per outlet. These figures do not account for infrastructure, employee salaries and other basic costs associated with launching a broadcast station. So no, we should not be surprised at all that our local banks are not rushing to finance these deals, and when they see the value of green lighting a particular transaction, it is difficult for us to secure financing, without a past history of successfully running broadcast stations.

Now I am as tired of highlighting this factoid as you must be of hearing it: racial and/or ethnic minorities only hold a majority of the voting interests in approximately six percent of full-power commercial TV licenses and just over eight percent of commercial radio licenses. We are well aware, even if we were unfamiliar with the exact figures, about the lack of diversity in the media. What we rarely hear from folk like me, sad to say, is solutions or answers to the question of how we transform this dismal reality of the present, into a future that offers abundant opportunities for women and minorities, particularly when new full-power licenses are not readily available.

My office released a draft proposal last month, and in this #Solutions2020 Call to Action Plan, we outline several steps designed to enhance digital inclusion and promote a more diverse media landscape. It starts, from where I sit, with the reinstatement of the FCC's Minority Tax Certificate Program. During its 17 years of existence, this program successfully helped to bring the highest number of diverse entrepreneurs on record into the broadcast industry. In fact, according to Dr. Jeffrey Layne Blevins of the University of Cincinnati, "Prior to the policy, minorities owned just 40 of 8,500 U.S. radio and television [stations], and during the existence of the policy minorities acquired 288 radio stations and 43 television stations." Despite ending in 1995, I am convinced not only does bipartisan support for this program remain, but that we should collectively push for an updated bill.

Second, working with the broadcast industry, the Commission should establish a pilot incubator program, designed expressly to increase women and minority ownership. One way to achieve this, is by waiving certain ownership restrictions for an incumbent broadcaster, if that broadcaster incubates a new entrant or a disadvantaged business. Such incubation, perhaps in the form of lending financial, programming or technical support, could result in the successful entry of a new broadcaster, increasing the diversity of voices available to the public. Even absent an explicit FCC program that entices such incubation in exchange for a waiver of local ownership rules, the industry should strive to nurture and support minority and women-owned broadcasting businesses, starting with conferences like this one as well as existing initiatives such as the NAB Education Foundation's (NABEF) Broadcast Leadership Training Program.

Third, through our Notice of Proposed Rulemaking (NPRM) on Independent Programming adopted last September, we have an opportunity to enhance the voices of independent and diverse programmers outside of the broadcast space. The Notice seeks to target two of the worst offending practices facing many independent video programmers: "unconditional" most favored nation (MFN) clauses and unreasonable alternative distribution method (ADM) provisions. With the comment period having closed earlier this week, I am looking forward to reviewing the record and ultimately working with the new Chairman, to move to an Order that ensures independent and diverse voices have a place in a vibrant media landscape.

Fourth, and while it was not introduced in our draft plan, I continue to believe if done right, ATSC 3.0 could help to fulfill our goal of greater viewpoint diversity. During my tour of the CES show floor earlier this month, I learned more about the benefits of the technology, including the ability to deliver 4K TV over-the-air. And as the FCC considers the ATSC 3.0 standard, we must ensure no consumer is left behind, without the means to upgrade or the option not to do so, if they choose. We should also be mindful of the potential barriers small broadcasters may face in adopting this standard, and determine whether any consumer confusion will come from having two standards operating concurrently.

Fifth, even when capital is available, securing a license for a full-power television or radio station in a major market, may not be within reach. That does not mean opportunities are necessarily lacking. Last year, a major group owner announced plans to IPO their radio business, which includes more than 100 stations in 26 U.S. markets. I would encourage this group owner and others like it, to consider offers from women and minority-owned businesses seeking to enter or expand their presence in the radio business.

Sixth, it is important that we focus not just on station ownership, but on the importance of diversity in front of and behind the camera. According to new data sponsored by the Geena Davis Institute on Gender in Media, only two of the 100 top-grossing films of 2015, featured an African American female lead or co-lead. Even more depressing, research from Hofstra University released last year, found that the minority workforce in radio has decreased by nearly a point and a half over the past 26 years, despite the minority population having increased nearly 12 percent over the same time period.

So I am pleased that the NAB and NABEF have joined to host this first-ever Capital Assets Conference, because the issues are real and the facts are sobering. That the New York City market does not have a single African American owned full-power commercial radio station, despite the fact that African-Americans make up 25 percent of that city's population, is both surreal and distressing.

Back in 1974, there were no full-power television stations owned by African-Americans in the United States. Forty years later, that number had grown to a mere 12 stations, and while some may look at these figures and say hey, things have improved, I look at the number of minority-owned stations in the 1990's, as evidence that highly-qualified, individuals with experience in owning a broadcast television or radio station exist, and that we can and must do better.

As the former publisher and general manager of a weekly newspaper, I know first-hand how capital is hard to come by. Compounding that is the fact that minority-owned media generates less advertising revenue than similarly situated non-minority counterparts.

But what is especially distressing, is despite being acutely aware of the lack of ownership diversity as well as the barriers faced by women and minorities wishing to enter the business, the only advocacy of many is for the elimination of rules that were created to prevent the concentration of station ownership into the hands of a few large media conglomerates. I have heard those Commission rules described as "outdated" "relics of a long-gone era" and that the elimination of some of these rules would increase investment opportunities. What I am still waiting to hear, is how we should work together in order to move the inclusion and opportunity needle for those of us who still dream of owning and operating broadcast properties.

So yes, it is both clear and true that our respective philosophies for achieving a 21st century media landscape are often not the same. My goal is to increase the number of diverse stations and create more unique local voices, not fewer. My belief is that the business case exists to make this happen and that it can be done without stunting investment in the industry. So I boldly challenge each of you to come up with a better framework than the one reaffirmed by the Commission this summer, because a better framework is not only needed, it is justified by the figures we continue to quote and bemoan. Recognizing that there will be even fewer television broadcasters post-incentive auction, any changes to the Commission's ownership rules, I believe, must be coupled with our mandate to support localism, promote viewpoint diversity and ensure programming that is in the public interest. Accepting the status quo or even worse, pushing no rules at all, is simply unpalatable for me.

For decades, this industry has been the cornerstone of local communities, providing news, weather and emergency information. Local stations earned and have won countless awards for independent, investigative journalism. During times of trouble, it has been a source of information when other outlets were unavailable. Like you, I want these successes not only to continue, but expand. Conferences like this, that bring broadcasters, bankers and investors together in one room, are important steps toward achieving a media marketplace that serves the unique interests of all Americans.

So yes, I will continue to push, challenge and engage but I will also say thank you to the NAB and NABEF not only for inviting me today but for what I trust will be the establishment of new partnerships and an expansion of opportunities that this conference and your actions will enable.