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MASS MEDIA BUREAU
EXHIBIT NO. 19
~~ARNOLD & PORTER~~

1200 NEW HAMPSHIRE AVENUE, N. W.
WASHINGTON, D. C. 20036
(202) 872-6700
CABLE: "ARFOPO"
TELECOPIER: (202) 872-6720
TELEX: 89-2733

1700 LINCOLN STREET
DENVER, COLORADO 80203
(303) 863-1000

PARK AVENUE TOWER
65 EAST 55TH STREET
NEW YORK, NEW YORK 10022-32
(212) 750-5050

REED MILLER
DIRECT LINE: (202) 872-6826

November 1, 1988

Mr. Dennis Stortz
Acting General Manager
Station KFUP
85 Founders Lane
St. Louis, MO 63105

Dear Dennis:

A recent decision by the United States Circuit Court of Appeals for the District of Columbia has directed the FCC to hold a hearing on challenges to a license renewal application based upon alleged violations of equal employment opportunity requirements. The decision makes it likely that the FCC will consider more carefully in the future renewal challenges based on EEO grounds.

The case, Beaumont Branch of the NAACP v. FCC, involved two Beaumont, TX radio stations which had lost a number of black employees within a two-year period. The stations were located in a market with a 21.7 per cent black work force, yet had added only three black employees out of 110 hires. The stations also had maintained incomplete EEO programs, and, in particular, failed to consult minority recruitment sources in attempting to identify potential employees. The problems were exacerbated by the stations' failure to maintain records on job applicants so as to enable them to reconstruct application and hiring statistics, and by their incomplete and often inconsistent responses to FCC inquiries concerning their EEO programs.

On the basis of these facts, the National Black Media Coalition (NBMC) filed a Petition to Deny the stations' renewal applications, alleging that the stations had both engaged in affirmative discrimination, and had failed to properly maintain EEO programs. While the FCC did send the stations three letters of inquiry and ultimately decided to grant them only a short-term

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Mr. Dennis Stortz
November 1, 1988
Page 2

license renewal, the Circuit Court determined that the FCC had violated its statutory mandate in failing to hold a hearing on the questions raised by the NBMC's Petition to Deny. The pertinent statutory provision, Section 309 of the Communications Act of 1934, provides that the FCC may act on a Petition to Deny without a hearing only if there is no substantial and material question of fact, and the grant of the application would be consistent with the public interest.

The Court stressed that its decision was based on the combination of the under-representation of blacks, the pattern of inconsistencies and misstatements that marked the licensee's communications with the FCC, and the licensee's deficient EEO program. It appears clear that occasional, isolated instances of deficient EEO programs or hiring discrepancies will not necessarily trigger the hearing requirements of the Communications Act.

If you have any questions about this decision, or about the Commission's EEO requirements generally, please feel free to call.

Very truly yours,

Reed Miller

Federal Communications Commission

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EXHIBIT NO. **20**
~~ARNOLD & PORTER~~
1200 NEW HAMPSHIRE AVENUE, N. W.
WASHINGTON, D. C. 20036
(202) 872-6700
CABLE: "ARFOPO"
TELECOPIER: (202) 872-6720
TELEX: 89-2733

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1700 LINCOLN STREET
DENVER, COLORADO 80203
(303) 863-1000

PARK AVENUE TOWER
65 EAST 55TH STREET
NEW YORK, NEW YORK 10022-3219
(212) 750-5050

REED MILLER
DIRECT LINE: (202) 872-6826

February 28, 1989

Mr. Dennis Stortz
Acting General Manager
Station KFUP
801 DeMun Avenue
St. Louis, MO 63105

Dear Dennis:

Last summer we advised that the National Association of Broadcasters had challenged the FCC's use of the Equal Employment Opportunity Program Report (FCC Form 396). Specifically, the NAB had questioned whether broadcasters can maintain information concerning the race and sex of applicants, as required by Form 396, and remain in compliance with applicable regulations prohibiting discrimination in recruitment. The concern was that, in requesting information from applicants concerning race and sex in order to collect the information required by Form 396, broadcasters might violate other state or federal prohibitions on consideration of race or sex in the assessment of applicants.

The FCC has just acted on the NAB's challenge. As described in the enclosed Memorandum Opinion and Order, the Commission has concluded that collecting the information it seeks will not subject broadcasters to liability under federal equal employment laws. The Commission also believes that its requirements are consistent with state employment laws. The Commission has therefore declined to revise its Form 396 reporting requirements. However, in the event a broadcaster believes that it must violate any such state laws in order to collect the information required by Form 396, it can petition the FCC for a waiver of the requirement.

The Commission has also clarified the scope of certain of its EEO reporting requirements. Specifically, licensees are required to report the

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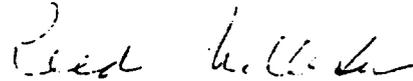
Mr. Dennis Stortz
February 28, 1989
Page 2

number of qualified female and minority referrals they receive. Licensees are expected to take reasonable steps to ascertain the sex and race of applicants. Applicants who telephone a station seeking employment may be asked their race and sex. Stations which receive applications through the mail should also make an effort to follow up with the applicant to determine race or sex.

You should be aware that the FCC is increasingly scrutinizing the recruitment practices of licensees to determine whether stations are complying with applicable equal employment opportunity requirements. Consequently, it would be wise for all licensees to carefully review their procedures for recruiting qualified minority and female applicants, and for retaining information on the sex and race of referrals to ensure that these procedures are effective and in compliance with applicable law.

We would be most happy to respond to any questions concerning the applicable requirements.

Very truly yours,



Reed Miller

Enclosure

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1200 NEW HAMPSHIRE AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 872-6700

CABLE: "ARFOPO"

TELECOPIER: (202) 872-6720

TELEX: 89-2733

PARK AVENUE TOWER
85 EAST 85TH STREET
NEW YORK, NEW YORK 10022-3219
(212) 750-5050

1700 LINCOLN STREET
DENVER, COLORADO 80203
(303) 863-1000

REED MILLER
DIRECT LINE: (202) 872-6826

June 21, 1989

Mr. Dennis Stortz
Acting General Manager
Station KFUP
801 DeMun Avenue
St. Louis, MO 63105

Dear Dennis:

We have written you in the past concerning the FCC's stricter enforcement of equal employment opportunity (EEO) requirements. Through the months, we have seen increasing numbers of cases in which the Commission has imposed penalties and/or granted conditional license renewals on EEO grounds, even in situations where no petitions to deny had been filed. Accordingly, we thought it might be useful to again summarize the key aspects of the Commission's policy in this area.

First, keep in mind that "good numbers" are no longer sufficient. In the past, licensees who employed minorities and women at a rate of at least half of their availability in the relevant labor market rightly considered themselves immune from further FCC inquiry. Now, however, licensees must be prepared to demonstrate that they consistently employ their best efforts to recruit, hire, train and promote minorities and females, even in cases where their employment numbers appear to be satisfactory.

Second, in order to demonstrate such best efforts, licensees should utilize both female and minority recruitment sources for each job opening at the station. This appears to be generally true even in situations where the station might otherwise choose to promote from within, unless the internal applicant pool includes reasonable numbers of female and minority applicants. Moreover, if the recruitment sources used by the station fail to turn up minority or female

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June 21, 1989

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applicants, the licensee must make efforts to determine why this is so, and attempt to develop more effective minority and female recruitment alternatives. The licensee's contacts with minority and female recruiters must be meaningful and genuine.

Third, licensees must maintain detailed records in order to demonstrate that they have recruited minority and female applicants. As such, licensees must develop a system for tracking the race and sex of all applicants, consistent with state or local anti-discrimination requirements, and for documenting the source of such applicants (i.e., from a minority recruitment source, off the street, etc.). The failure to maintain such documentation could result in a licensee's inability to demonstrate to the Commission that it has, in fact, made sincere EEO efforts.

The attached FCC news release describes a recent representative case in which the FCC imposed penalties for non-compliance with EEO requirements. The license renewals for two Maryland radio stations were granted for less than the full term, periodic reporting requirements were imposed, and a penalty of \$15,000 was assessed, even though no petitions to deny or informal objections had been filed against the station renewals. The Commission emphasized that the stations had failed to make serious ongoing efforts to recruit minorities for job openings.

Please let us know if you have any questions about the FCC's EEO requirements.

Very truly yours,



Reed Miller

Enclosure

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EXHIBIT NO. 22

ARNOLD & PORTER
1200 NEW HAMPSHIRE AVENUE, N. W.
WASHINGTON, D. C. 20036
(202) 872-6700
CABLE: "ARPOPO"
TELECOPIER: (202) 872-6720
TELEX: 88-2733

File Copy 6
KF 003312
Copies 1
1989
800 THIRD AVENUE
NEW YORK, NEW YORK 10022
(212) 593-2772

1700 LINCOLN STREET
DENVER, COLORADO 80203
(303) 863-1000

REED MILLER
DIRECT LINE: (202) 872-6826

May 9, 1989

Mr. Dennis Stortz
Acting General Manager
Station KFUC
85 Founders Lane
St. Louis, Missouri 63105

Dear Dennis:

At the recent NAB Convention in Las Vegas several panel discussions centered on the Commission's new "get tough" policy in the enforcement of its EEO standards.

While you may have heard these matters discussed first-hand, I thought it wise to emphasize them by writing you this letter.

One speaker at a lawyers' luncheon emphasized the FCC's present focus on a licensee's best efforts in recruiting and promoting minorities and females. It was observed that a station could no longer feel safe if it employed minorities and females at 50% of their presence in the local workforce. Indeed, the Mass Media Bureau Chief emphasized that more renewal applications are being deferred because of EEO shortcomings with a larger number going to the full Commission for consideration.

It was brought out that under today's FCC policies, the contacts with minority and female referral sources must be genuine and substantial; referral sources should be regularly checked and the licensee should keep good records of its contacts with such sources in order to demonstrate to the FCC, if challenged, that it has used its "best efforts." The referral source, race and sex of all applicants whose resumes do not reflect such information should be determined.

We urge that you give this area of your operations a careful review to assure that your efforts will be deemed adequate when next your EEO performance is subject to Commission scrutiny.

Sincerely,

Reed
Reed Miller

Federal Communications Commission

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1200 NEW HAMPSHIRE AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 872-6700

CABLE: "ARFOPO"

TELECOPIER: (202) 872-6720

TELEX: 89-2733

November 21, 1989

PARK AVENUE TOWER

65 EAST 55TH STREET

NEW YORK, NEW YORK 10022-3219

(212) 750-5050

REED MILLER

DIRECT LINE: (202) 872-6626

1700 LINCOLN STREET

DENVER, COLORADO 80203

(303) 863-1000

Mr. Dennis Stortz
Acting General Manager
Station KFUD
801 DeMun Avenue
St. Louis, MO 63105

Dear Dennis:

This is yet another reminder of the increased diligence with which the FCC is enforcing its EEO requirements. The Commission does not hesitate to impose short-term or conditional license renewals, and to assess forfeiture penalties in this area. A quick review of two recent FCC decisions -- where the Commission conditionally renewed the licenses of two AM/FM combinations, and issued Notices of Apparent Liability for forfeitures up to \$20,000 -- underscores the point.

In the first case, the licensee had filled the vast majority of its job openings with applicants who were referred by the station's existing non-minority employees. The station had failed to recruit for these openings. For those positions where the station did recruit, the station failed to keep records on the numbers of minority applicants. While in this case the total number of station minority employees was below parity, the Commission has made it clear that a failure to recruit for job openings in a manner likely to attract qualified minority applicants, and a failure to maintain adequate applicant records, can be grounds for imposition of forfeiture even where the number of minority employees at the station is at parity.

In the second case, the licensee did make efforts to recruit minority applicants. These consisted of periodically writing recruitment sources and requesting that they refer qualified minority candidates. The licensee did not generally describe specific job vacancies to the recruitment sources, and did not

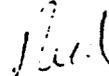
Mr. Dennis Stortz
November 21, 1989
Page 2

maintain records showing the race and gender of its applicants. Again, the FCC concluded that these steps fell short of the "meaningful and regular" steps which must be taken to comply with EEO requirements.

The upshot, as we have advised in the past, is that in filling job openings, stations must regularly utilize recruitment sources which are likely to refer qualified minority applicants. In addition, stations must maintain records showing the race and gender of all applicants, noting which are referred by recruitment sources, and the disposition of each application. The latter requirement is to ensure that the licensee has the raw data with which to monitor the status of its EEO efforts.

We would be happy to provide whatever guidance you may require in the future in ensuring your compliance with EEO requirements.

Very truly yours,



Reed Miller

Federal Communications Commission

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MASS MEDIA BUREAU
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THE FUTURE OF KFVO AND KFVO-FM

Report and Recommendations
to
The Board of Directors
The Lutheran Church--Missouri Synod

The Board for Communication Services
The Standing Committee on Broadcast
Paul Devantier, Executive Director
May, 1987

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I. HISTORICAL PERSPECTIVE

Less than four years after the first radio station was licensed to operate in the United States, KFUO went on the air. It was dedicated to the glory of God and committed to the purposes of Gospel outreach and service to the listening audiences through religious programming and "serious" music.

Construction and initial operating funding came from the Lutheran Publicity Organization, Concordia Seminary, the Walther League and the Lutheran Laymen's League.

In 1924, the year KFUO became operational, there were fewer than 600 radio stations in the United States and its broadcast signal extended from the east coast to the Rocky Mountains, thereby being available to the vast majority of both the citizens of the United States and the constituency of The Lutheran Church—Missouri Synod.

At its convention in 1926, The Lutheran Church—Missouri Synod received title to the broadcast license of KFUO radio and the station became the official property of the Synod.

With the rise in the number of broadcast stations and increased industry regulation through the Federal Radio Commission (predecessor to the Federal Communications Commission), the broadcast range of KFUO gradually diminished, thus serving an ever smaller number of people. (Today, there are 8,000 plus radio stations operating in the United States. The broadcast range of KFUO-AM is approximately 100 miles, the range of KFUO-FM, approximately 60 miles.)

With its new license acquired in 1941, KFUD became a daylight-only station. Its programming remained heavily "religious" and "classical."

During the 1940s and early 1950s, KFUD also served as the broadcast center for the expanding Lutheran Hour broadcasts that were sponsored by the International Lutheran Laymen's League.

In 1948, an FM license was acquired, allowing broadcasting to continue beyond sunset. Daytime broadcasts were simulcast on both KFUD-AM and KFUD-FM.

The early 1950s saw the acquisition of a UHF television channel (Channel 30) and the establishment of plans to expand to the medium of television (a dream that was never realized).

KFUD's radio "extension" service began in the mid-1950s when the station's first director, Doctor Herman H. Hohenstein, was moved from the director position to develop this new service. The first fruits of the efforts was Portals of Prayer, begun in 1956. Other audio resources and radio programs for syndication followed—Bible study, devotional, music and other programs. Program resources for congregations were also developed and promoted.

The decade of the 60s was a time for both the rise and the fall of KFUD's extension services. From a high of two-and-a-half staff persons devoted to extension services, the number dropped to one by 1970 and to zero in the early 1970s.

During the same period of time, programming on KFUD and KFUD-FM continued to be simulcast. A new emphasis on "entertainment" programming and "religious" programming was de-emphasized.

The 1970s brought new federal regulations that limited simulcasting. In 1974, the programs of KFUD-AM and FM were separated. KFUD-FM became a full power stereo broadcast operation devoted in large measure to classical music. Emphasis on "religious" programming returned to KFUD-AM and extension services

were revived with new program offerings and services. "Joy" was acquired, spots were produced, the KFUD choir was formed, the "Bible" project was initiated, congregational resources were offered, a cassette ministry was begun, and a formal course offering in mass media at Concordia Seminary was approved and initiated. During this period, revenues and budgets increased more than in any time since the 1940s.

In its first 59 years, KFUD operated as a not-for-profit broadcast organization. Its purposes remained largely consistent with those of the station in its early years. In 1983, KFUD-FM entered the arena of commercial broadcasting, seeking advertising revenues to supplement voluntary contributions. (It should be noted, that, except for the early years of its existence when some operating subsidies were received from the International Lutheran Laymen's League and other groups, KFUD has been self-supporting.)

Recent years have seen some expansion of "religious" programming on KFUD-AM, due in part to the addition of features produced outside The Lutheran Church—Missouri Synod. Concurrently, there has been a significant decrease in extension services.

In 1986, responsibility for KFUD and KFUD-FM was transferred to the Board for Communication Services. A program of reorganization of the operations of the stations is currently underway and plans are being developed and implemented for expanded service to the Synod.

Another significant advancement in the life of KFUD is currently being pursued—the acquisition of space on a 1000-foot broadcast tower for KFUD-FM's transmission. Should the Board for Communication Services and its Standing Committee on Broadcast be successful in this endeavor, it will strengthen KFUD-FM's broadcast signal and increase the value of the FM property.

The 60 years of KFUD have been marked with radical changes. The

geographical broadcast range of KFUD has gone from the majority of the United States to a relatively small area in Illinois and Missouri. One station became two. Broadcast hours have expanded from several hours each week to a combined high of over 225 hours per week. It has moved from being subsidized to being self-supporting. Financially, it has experienced both prosperity and poverty. Its vision for new and innovative use of radio has at times been clearly apparent while at other times it has been obvious by its absence. It has gone from a not-for-profit operation to one that is active in the commercial realm.

The 60 years of KFUD have also been marked with a certain continuity.. Programming philosophy, though varied from time to time, has remained basically the same. The major emphasis on religious programming and classical music is obvious today just as it was in the station's infancy. It continues to be committed to the proclamation of the Gospel through radio and to service through its various program and resource offerings.

II. SERVICE TO THE SYNOD

For nearly 63 years, KFUO has served people in its listening area and beyond in the name of The Lutheran Church—Missouri Synod. Likewise, KFUO-FM has been associated publicly with The Lutheran Church—Missouri Synod throughout its nearly 40 years. In addition to providing Gospel programming and other features that are consistent with the theology, mission and ministry of the Synod, the stations have contributed significantly to public awareness of the Synod within the listening area. Both stations are well respected in the community and reflect positively upon the image of the Synod.

KFUO's association with Concordia Seminary, the International Lutheran Laymen's League, Concordia Publishing House, the congregations of the Synod and other Synod-related entities have directly and indirectly served the Synod.

KFUO has been part of the mission and ministry of The Lutheran Church—Missouri Synod throughout North America and beyond. Through its "Extension" services, it has placed programs on radio stations in all 50 states and has supplied programming for stations throughout Canada and in other places around the world. Additionally, music of the KFUO/Lutheran Radio Choir, radio spots, devotional scripts, educational and bible study cassettes and other resources have been distributed to many congregations in our Synod for their use locally.

Currently, KFUO is distributing programs for use on 366 radio stations in the United States, 19 in Canada and 10 in other areas of the world. While as recently as six years ago, the total number of station outlets was more than

double the current number, KFJQ's reach beyond the listening area is still **003017**
worthy of note.

The potential for expanded service to the Synod in the area of radio and audio-related ministries is great. Possibilities include:

1. Providing for nurture and and spiritual growth by
 - offering programs that strengthen individuals;
 - offering audio resources to congregations and individuals;
 - providing counsel and assistance to congregations utilizing broadcast and non-broadcast audio for nurture purposes;
 - providing, within the arena of Christian broadcasting, a clear witness to the Lutheran understanding of theology, Scripture and its inspired message of salvation by grace through faith, the meaning of "church" and living the Christian life.

2. Providing program support by
 - informing the constituency of the LCMS regarding programs of their Synod;
 - developing, producing and offering audiotapes for leadership training, etc.;
 - producing audiotapes of major events such as synodical conventions, Great Commission Convocations, etc.;
 - producing and offering audiotapes that are designed as resource material for the study of major issues confronting the church body;
 - producing and offering audiotapes in support of mission and ministry in various areas such as parish services, missions, evangelism, youth, higher education, social ministry, stewardship, worship, etc.

3. Providing for dissemination of news and feature material by
- seeking and utilizing the most appropriate audio channels for reaching the people of the LCMS with news and information that will be helpful to them in their ministries;
 - gathering news and feature material related to the mission and ministry of the Synod and producing it in a way that maximizes the chances for broadcast of this material via external channels.

4. Providing training opportunities by

- working closely with Concordia Seminary in finding ways to equip future Pastors in the use of radio;
- developing resources to equip professional church workers and lay people in the use of radio

Program possibilities to accomplish these include:

- programs for syndication, placed either nationally or locally;
- audio-related resources, such as tapes, records, cassettes and scripts for use by congregations or for incorporation into locally produced broadcast programs;
- development of a variety of broadcast material for various formats including devotional, Bible study, worship, preaching, music, drama, talk, etc;
- identification, training and placement of spokespersons with expertise in various areas such as health, education, family life, youth concerns, elderly concerns, human care, etc.;
- public service advertising material in script and broadcast form for use either as public service material or as paid religious advertising;
- audio feeds of actualities, news and feature material to broadcast outlets

III. PURPOSE

Confident that KFUO and KFUO-FM can build upon their rich heritage and capitalize upon their accumulated knowledge and expertise, the Board for Communication Services and its Standing Committee on Broadcast have developed the following statement of purpose.

KFUO AND KFUO-FM EXIST:

...to serve the people of The Lutheran Church—Missouri Synod with high quality Lutheran broadcast and non-broadcast programs and resources that nurture Christian faith...

...to support and supplement the witness of The Lutheran Church—Missouri Synod to the Gospel...

...to strengthen the communications efforts of local congregations throughout the Synod...

...to contribute to the quality of life in the greater St. Louis area through cultural and fine arts offerings.

Among the key words in this statement are SERVE, SUPPORT, STRENGTHEN, and CONTRIBUTE. The Board for Communication Services and its Standing Committee on Broadcast see service to the Synod as the primary focus for KFUO and KFUO-FM. The 1986 convention action that lead to the transfer of responsibility for KFUO and KFUO-FM to the Board for Communication Services has allowed for KFUO's ministry to be seen in the context of the overall synodical communications effort. The Board for Communication Services

believes that KFUD and KFUD-FM can be significant assets to the Synod Synod wide.

It can be argued that most of the purposes set forth for KFUD could be accomplished without retaining radio stations in St. Louis. It can also be argued that having the stations enables the Synod to accomplish the purposes more affectively and efficiently. KFUD and KFUD-FM are self supporting entities that provide the physical facilities and human resources to carry on an important ministry. With the Lord's blessing, they will also soon provide additional material resources for expanding the ministry.