

Minority Media and Telecommunications Council

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MMTC Announces Landmark Study on Minority Commercial Radio Ownership

Minority Commercial Radio Ownership in 2009: FCC Licensing and Consolidation Policies, Entry Windows, and the Nexus Between Ownership, Diversity and Service in the Public Interest

**by Catherine J.K. Sandoval, Principal Author,
Allen S. Hammond IV and David Honig**

Minority radio ownership has remained virtually unchanged since 2007 even as the number of FCC-licensed stations has increased, according to a landmark study released today by the Minority Media and Telecommunications Council (MMTC). A copy is attached.

There were 815 minority-controlled commercial radio stations in 2009, compared to 812 stations Free Press identified in 2007 in its "Off the Dial" report. During that same time period, the number of commercial radio stations grew from 10,506 in 2007 to 11,249 in 2009. These 815 minority-controlled stations represent 7.24% of all commercial radio stations in 2009 – down from 7.76% in 2007.

Background

The study was performed by Professor Catherine Sandoval, in partnership with Professor Allen S. Hammond, both of Santa Clara University School of Law, and David Honig of the Minority Media and Telecommunications Council, with the support of the Social Sciences Research Council, Necessary Knowledge for the Public Sphere Project. It examines more than 10,000 records from the Federal Communications Commission's (FCC) Consolidated Database System (CDBS) and Internet sources on radio ownership and program formats in mid-2009 to analyze the effect of FCC licensing and multiple ownership policies on minority ownership of commercial radio stations, program diversification, and service to the American public.

The study finds that most minority commercial radio owners obtained their first license before the Telecommunications Act of 1996, during a time when the FCC took race into account as a factor in promoting diversity of service. This finding underscores the role of the FCC's licensing and consolidation policies for minority broadcast entry, the link between minority broadcast ownership and program diversity, and the financial hemorrhaging of broadcasting evident in the growing number of bankruptcies and silent minority owned radio stations.

Key Findings

- **Minority ownership of commercial radio stations remained flat during the past two years.** There were 815 minority-controlled stations in 2009, compared to 812 stations Free Press identified in 2007 in its "Off the Dial" report. During that same time period, the number of commercial radio stations grew from 10,506 in 2007 to 11,249 in 2009. These 815 minority-controlled stations represent 7.24% of all commercial radio stations in 2009 – down from Free Press' estimate of 7.76% minority-controlled radio stations in 2007.
- **Three hundred and twenty-four (324) distinct minority commercial radio station owners in mid-2009 control 815 full-power commercial radio stations.** Of those owners, 139 are Hispanic and 129 are African-American. Thirty-four Asian Americans or Asian-Pacific Islanders control full-power commercial radio stations in 2009, as do 14 Native Americans owners.
- **Sixty-one percent or 198 minority commercial radio owners control only one station** in an industry that until very recently has experienced steadily increasing consolidation.
- **In mid-2009, 74.7%, or 591, minority-owned stations broadcasting programming air minority-oriented formats:** Spanish, Urban, Urban News, Asian, Ethnic and minority-oriented religious formats such as Gospel and Spanish-Christian. Minority commercial radio owners overwhelmingly offer minority-oriented formats, contributing to diversity and the public interest.
- **Of the 324 minority commercial radio owners in mid-2009, 172 or 53% were awarded their first license prior to the 1996 Act.** Of the 815 minority commercial radio stations still held in mid-2009, 285 or 35% were obtained before the 1996 Act. Fewer new minority owners who still hold their licenses in mid-2009 entered the commercial radio field after 1996, as compared to those who entered between 1978 and 1995. Most minority broadcasters entered broadcast service in relatively unconsolidated markets, during a time period when the FCC took their contributions to diversity into account in assigning licenses.
- Between 2007 and August 2009, **42 minority-owned radio stations were transferred to bankruptcy trustees, trusts established for the benefit of lenders as workouts or to a trustee for a debtor-in-possession** who may be able to reorganize under Chapter 11 of the Bankruptcy Code or liquidate the trust's assets under Chapter 7.
- **Eighteen minority-owned stations filed for silent operation for financial reasons in late 2008 or 2009.** With the economy's souring, the number of dark stations among minority-owned commercial radio broadcasters rose each year between 2007 and 2009. Several stations requesting FCC approval to be dark said the economy made operation impossible (see, e.g., KBHH-FM, Kerman, CA, CDBS STA Application, 2008, Farmworker Educational Radio Network). Many of those stations had aired minority-oriented formats including Spanish formats, representing a loss of program diversity to the community. A total of 24 minority-owned stations were silent in 2009 for financial, technical or staffing reasons.

Recommendations

The study recommends that the FCC take these steps:

- Evaluate and consider this evidence in its 2010 review of broadcast ownership rules and its auction rules used to assign broadcast construction permits.
- Improve its databases, including the Consolidated Database System Application and Ownership databases, to enhance the ability to analyze these trends over time and among a wide range of broadcasters.
- Analyze the effect of its consolidation and licensing policies on broadcast entry by minorities, in light of the fact that most minority broadcasters entered before widespread consolidation and during a period in which the FCC took minority ownership into account as a factor in license assignment and assessing service in the public interest.
- Conduct additional studies based on this evidence and examine the effect of its auction policies and lack of access to capital markets on minority entry when auctions are used to assign broadcast licenses or construction permits.

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