Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Via Electronic Filing

Re: MB Docket No. 09-182, *2010 Quadrennial Review*

Dear Ms. Dortch,

On March 7th, 2014, I spoke via telephone with Gigi Sohn, Special Counsel for External Affairs for Chairman Wheeler.

In the call I reiterated our concerns about the use of broadcast outsourcing/management agreements and sidecar/shell companies to evade the Commission's ownership rules. I noted that these practices harm local communities by depriving them of quality journalism produced by the greatest number of diverse and antagonistic sources.

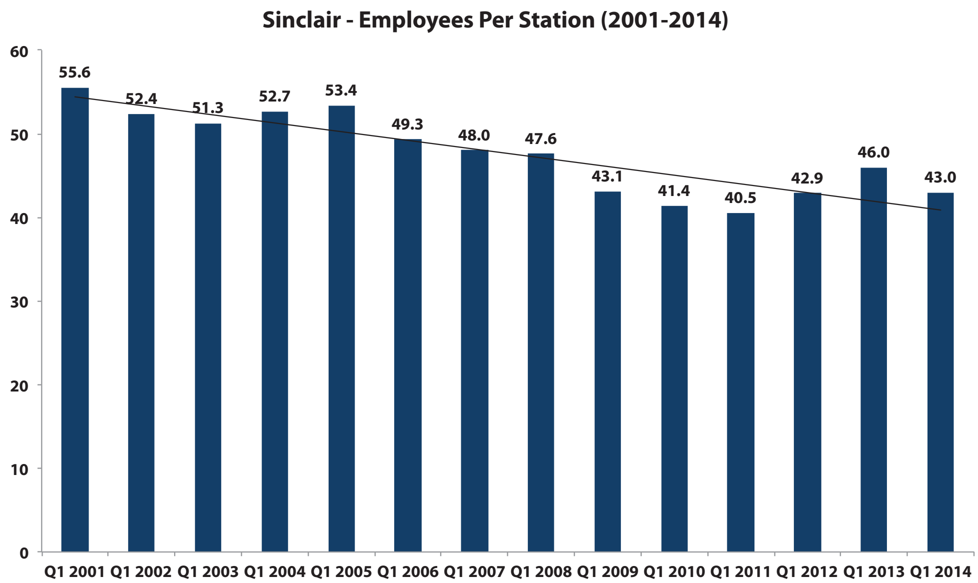
I also noted how industry itself often refers to these agreements as "outsourcing" agreements.[1] I noted that in general, the main point of outsourcing is to *reduce overhead* by contracting out jobs. In the broadcasting context, these arrangements often involve one station's *entire operation* being housed in the facilities of the parent station. Because so much of the functions are co-located and performed by the parent station, it reduces the number of employees needed relative to two independently operated stations.

I suggested that any party claiming that these arrangements somehow result in *more jobs* is simply making an absurd argument, one not supported by any data. Because the entire purpose of the use of these agreements is to eliminate independent outlets, they not only result in fewer independent voices, but also reduce the number of broadcast employees that would have otherwise existed absent these arrangements.

Indeed, I noted to Ms. Sohn the case of Sinclair, who uses outsourcing arrangements with a number of shell companies. One only need look at Sinclair's employment levels over the past decade to see that the company has a long track record of laying off workers and reducing the number of staff at each of its stations. In early 2001, Sinclair employed 3,500 workers at its 63 owned or operated stations, or an average of 55.6 jobs per station. By the end of February of this year, that number had declined to 43 workers per station (see figure below). Even this most recent figure is

[1] *See e.g.* Sinclair Broadcast Group, Inc., Annual Report Pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934, for the fiscal year concluded on Dec. 31, 2013. ("'JSA/SSA' refers to stations to which we provide or receive sales services pursuant to an outsourcing agreement.").

likely artificially high, as Sinclair takes steps to thin the herds at its recently acquired properties.



Source: Sinclair SEC Filings; Free Press Research

But while this data is itself illustrative, Sinclair's own words should put this issue to rest. The Company recently made statements that the Commission's pending change to the JSA attribution rule *will actually cause Sinclair to hire more workers*.

In its 2013 annual report, Sinclair noted that if "the FCC requires us to modify or terminate existing arrangements, our cost structure would increase as we would potentially lose significant operating synergies **and we may also need to add new employees.**"[2]

These arrangements are primarily used by giant broadcasters to evade the FCC's rules and frustrate the goals of the Act. They certainly aren't used to increase costs through the hiring of more workers. The Commission should reject these farcical and self-serving attempts to paint the use of outsourcing by the industry's leading companies as pro-jobs, and move forward to close the outsourcing loopholes.

Respectfully submitted,

S. Derek Turner
Research Director
Free Press

cc: Gigi Sohn

[2] *Id.* at 35.