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**The NAB's Caucus of Minority Executives and Media: A
Comprehensive Assessment of Their Progress in the Future
in the McCollough Room
at the NAB Headquarters
February 11, 1986**

Thank you for that kind introduction. I am very pleased and honored to be with you this evening. As Senior Commissioner, I gain great satisfaction in knowing that most the rule changes advancing the opportunity for minority ownership of broadcast media have occurred during my tenure.

I would like to focus my comments tonight on the area that I believe is most critical -- participating in the ownership of broadcast stations. In September 1981, the Commission created the Advisory Committee on Alternative Financing for Minority Opportunities in Telecommunications. The purpose of this Advisory Committee was to explore ways of facilitating minority ownership of telecommunication properties. Over the years, the Commission has recognized that the under-representation of minority points of view over the airwaves is detrimental to both minorities and the general public. Certainly, minority participation in ownership is one effective means of ensuring access to the airwaves for minority points of view.

In the early to mid 1970's, we saw the beginnings of progress being made regarding ownership issues. In AM Freeze

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(26 RR 2d 1189 (1973)), the court observed that the promotion of minority ownership of broadcast facilities is socially desirable. In TV 9, Inc. v. FCC (495 F.2d 929 (D.C. Cir. 1973)), the court recognized that minority ownership is likely to increase program content diversity and thus the court granted merit in comparative licensing proceedings to minority controlled applicants.

In 1978, the Commission issued the Minority Ownership Task Force Report and the Commission subsequently adopted its Statement of Policy on Minority Ownership of Broadcasting Facilities (68 F.2d 979 (1978)). The Policy Statement was designed to promote minority ownership by providing for grants of tax certificates to sellers of broadcast properties if the properties were transferred to minority controlled buyers. Additionally, the Commission allowed licensees designated for revocation hearings or renewal hearings, where basic qualification issues have been raised, to sell to minority buyers at distress sale prices before the hearings commenced.

In 1982, the final report of the 1981 Advisory Committee was issued and it explored strategies for financing minority acquisition of telecommunication properties. It also recommended pertinent legislative and policy modifications to promote such acquisitions. That same year, a Memorandum of Agreement between the FCC and the Minority Business Development

Agency (Department of Commerce) formalized cooperative efforts to provide management assistance to minority telecommunication entrepreneurs. The Commission also amended the 1978 Policy Statement to: 1) consider issuing tax certificates and authorizing distress sales and transfers to limited partnership where a general partner is a minority and owns more than 20% of the property; 2) expand tax certificate eligibility to investors who provide start-up financing for property acquisition or who purchase shares within the first year; and 3) delegate processing of distress sale petitions to the Mass Media Bureau where no novel questions appeared.

In 1984, the Re-examination of Commission's Rules Regarding the Attribution of Ownership Interest (79 F.C.C. 2d 997 (1984)) promoted entry of new minority participants in telecommunications by increasing the availability of start-up capital through relaxation of bench marks for attributing ownership interest.

In 1985, the Commission amended its rules regarding multiple ownership and provided incentives for minority control and ownership. For example, under the 12 station rule, the owning of 14 broadcast facilities is possible when at least 2 facilities are minority controlled, or 13 facilities may be owned when 1 facility is minority controlled. Audience reach may be increased to 30% where at least 5% is obtained from

minority stations. Further, in 1985, on reconsideration of Applications for Voluntary Assignments or Transfer of Control (50 F.R. 6944 (1985)) the Commission modified its original Order eliminating the three year anti-trafficking rule by extending the required one-year holding period to licenses obtained through minority ownership policy, however, the Commission now permits transfers of such licenses without restriction if the transferee is also a minority.

Finally, the Commission has before it a Notice of Inquiry proposing the extension of the current distress sale policies. The proposals contained in that Notice include extension of current distress sale policy to permit such sales after the hearing begins, but prior to the filing of proposed findings, and at a price not greater than 50% of the facility's fair market value.

In Summary, the principal actions taken by the Commission to enhance minority ownership of broadcast property include:

- 1) making tax certificates available in sales of broadcast properties to minorities;
- 2) permitting distress sales to minority buyers;
- 3) creating national multiple ownership minority incentives;
- 4) awarding minority lottery preferences;
- and 5) awarding minority "preferences" in comparative licensing proceedings.

Further, other actions not primarily directed toward enhancing minority ownership have been crafted with an eye toward furthering such ownership. These include such proceedings as the "attribution" proceeding, which relaxed the bench marks for attributing ownership interest, and the elimination of the "3-year anti-trafficking rule", which will likely increase the number of stations that will become available for purchase.

It is also important to note that since the late 1960's, the Commission's equal employment opportunity rules require broadcast licensees (5 or more employees) to afford equal employment opportunity. Further, the rule prohibits discrimination in employment on the basis of race, color, religion, national origin, or sex. In addition, stations must establish, maintain and carryout a positive continuing program of specific practices designed to assure equal employment opportunity.

Currently, we are in the reply comment phase of the Notice of Proposed Rulemaking to Amend Broadcast EEO Requirements. The proposed changes include: 1) eliminating the 5-point EEO program; 2) modifying the existing 10-point Form 396 EEO program; 3) raising the filing threshold from 5 employees to 6 (consistent with the Cable Act); and 4) revising the Annual Employment Report (Form 395) by combining data for full-time and

part-time employees to conform with the EEOC's EEO-1 form. Although I cannot speak to the merits of this NPRM, I assure you that I will carefully review the comments in this proceeding.

My track record as a broadcaster and as a government official clearly demonstrates my commitment to improving opportunities in the field of telecommunication for minorities. I am convinced that real and lasting progress will be achieved through minority ownership of media. Equal Employment Opportunity rules are effective in preventing discrimination, however, participation in ownership will benefit not only minorities, but also the general public by diversifying the control of media.

Thank you.