

**The Lack of Racial and Gender Diversity in Broadcast Ownership
& The Effects of FCC Policy: An Empirical Analysis
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Abstract

Just three years after the Third U.S. Circuit Court of Appeals rejected sweeping policy changes that would have dramatically altered our nation's media landscape, the Federal Communications Commission is once again considering eliminating longstanding limits on media ownership. These changes could have a tremendous negative impact, especially on broadcast outlets owned by women and minorities.

In its landmark *Prometheus v. FCC* decision, the Third Circuit chastised the FCC for ignoring the issue of female and minority ownership. But since then, the FCC has done very little to address the issue. The FCC has abdicated its responsibility to monitor and foster increased minority and female broadcast ownership. In fact, the Commission cannot even account for the current state of female and minority ownership in this country.

This study provides the first complete assessment and analysis of female and minority ownership of full-power commercial broadcast radio and television stations operating in the United States. Because this study represents the first ever complete assessment of all licensed commercial broadcast stations, it cannot and should not be compared with previous reports from the National Telecommunications and Information Administration (NTIA) or summaries produced by the FCC. All previous efforts by these agencies left out significant numbers of minority owners (and female owners, in the FCC's case). Likewise, previous academic and other studies using these flawed data are inaccurate or incomplete.

The study shows that media consolidation is one of the key factors keeping female and minority station ownership at low levels. As consolidation cuts back the already limited number of stations available, women and people of color have fewer chances to become media owners and promote diverse programming.

The results of this study reveal a dismally low level of female and minority ownership of radio and television stations in America that has left two-thirds of the U.S. population with few stations representing their communities or serving their needs.

Radio Results

- Women own just 6 percent of all full-power commercial broadcast radio stations, even though they comprise 51 percent of the U.S. population.
- Racial or ethnic minorities own just 7.7 percent of all full-power commercial broadcast radio stations, though they account for 33 percent of the U.S. population.
 - Latinos own just 2.9 percent of all U.S. full-power commercial broadcast radio stations, but they comprise 15 percent of the U.S. population and are the nation's largest ethnic minority group.
 - African-Americans own only 3.4 percent of this country's full-power commercial broadcast radio stations, but account for 13 percent of the entire U.S. population.
 - People of Asian descent own less than 1 percent of full-power commercial broadcast radio stations, though they make up 4 percent of the U.S. population.
 - Non-Hispanic white owners control 87.2 percent of the full-power commercial broadcast radio stations operating in the United States.

Not only are few stations owned by women and people of color, but commercial stations have very few women and minorities at the top — in the positions of CEO, president or general manager.

- Just 4.7 percent of all full-power commercial broadcast radio stations are owned by an entity with a female CEO or president.

- Only 1 percent of the stations not owned by women are controlled by an entity with a female CEO or president.
- Just 8 percent of all full-power commercial broadcast radio stations are owned by an entity with a CEO or president who is a racial or ethnic minority.
 - Less than 1 percent of stations not owned by people of color are controlled by an entity with a minority CEO or president.

However, minority-owned stations are significantly more likely to be run by a female CEO or president than non-minority-owned stations, and female-owned stations are significantly more likely to be run by a minority CEO or president than non-female-owned stations. And both female-owned and minority-owned stations are significantly more likely to employ a woman as general manager.

Female and minority owners are more likely to own fewer stations per owner than their white male and corporate counterparts. They are also more likely to own just a single station.

- Of all the unique minority owners, 67.8 percent own just a single station. However, only 49.6 percent of the unique non-minority owners are single-station owners.
- 60.8 percent of the unique female owners are single-station owners, versus just 50.4 percent of the unique non-female station owners.
- Only 24.4 percent of the unique minority station owners are group owners -- owning stations in multiple markets, or more than three stations in a single market -- compared to 29.5 percent of non-minority owners.
- Just 16.9 percent of female owners are group owners, versus 30.4 percent of non-female owners.
- Overall, racial and ethnic minorities own 2.6 stations per unique owner compared to 3.9 stations owned per unique white, non-Hispanic owner.
- Women own 2.1 stations per unique owner compared to 4.1 stations owned per unique male owner.

Female- and minority-owned stations differ from non-female- and non-minority-owned stations in other ways as well. For example, women and people of color are more likely to own less valuable AM stations and their stations are more likely to be found in larger, more populated markets.

Localism is supposed to be one of the FCC's key considerations in crafting media ownership regulations. Local owners, in theory, are more connected to the communities they serve and thus in a better position to respond to public needs than absentee owners who reside hundreds or thousands of miles away.

Our study found that female owners are significantly more likely to be local station owners.

- 64.4 percent of all female-owned stations are locally owned, versus just 41.6 percent of non-female-owned stations.

For minority-owned stations, the relationship is somewhat more complex because the minority population is more concentrated in certain areas. Minority-owned stations are more likely to be locally owned than non-minority-owned stations in larger markets, which have bigger minority populations.

- Among all radio stations, 43 percent of minority-owned stations are locally owned, the same level as non-minority-owned stations.
 - But in Arbitron radio markets (where four out of every five minority-owned stations are located, and which have significantly higher minority populations), 38.3 percent of minority-owned stations are locally owned, versus 29.4 percent of non-minority-owned stations.
 - In unrated markets (which have significantly lower minority populations), 56 percent of minority-owned stations are locally owned, compared to 62.9 percent of non-minority-owned stations.

Our analysis suggests that both female- and minority-owned stations thrive in markets that are less concentrated. Markets with female and minority owners have fewer stations per owner on average than markets without them.

- The level of market concentration is significantly lower in markets with female and minority owners.
- The probability that a particular station will be female- or minority-owned is *significantly lower* in more concentrated markets.
- The probability that a particular market will contain a female- or minority-owned station is *significantly lower* in more concentrated markets.
- Female- and minority-owned stations are more likely to be found in each other's markets.

Allowing further industry consolidation will unquestionably diminish the number of female- and minority-owned stations. The FCC should seriously consider these consequences before enacting any policies that could further concentration.

The study shows that women and people of color everywhere – regardless of their proportion of the population in a given market – have very few owners representing them on the radio dial.

- The average radio market has 16 white male-owned stations for every one female-owned and every two minority-owned stations.

Minority-owned stations are far more likely to be found in markets with higher minority populations. But even in these markets, the level of minority ownership is still low.

- Minority-owned stations are found in about half of all Arbitron radio markets.
- In 288 of the 298 U.S. Arbitron radio markets, the percentage of minorities living in the market is greater than the percentage of radio stations owned by minorities.
- 23 of the 298 U.S. Arbitron radio markets have "majority-minority" populations. But in these markets, too, the percentage of radio stations owned by people of color is far below the percentage of minority population.
 - In two of these "majority-minority" markets (Stockton, Calif. and Las Cruces, N.M.), people of color own no stations.
- Minorities own more than one-third of a market's stations in just seven of the nation's 298 radio markets. Minorities own more than 25 percent of a market's stations in just 24 of the nation's 298 radio markets.

Despite making up half the population in every market, the level of female-station ownership is still extremely low across the board.

- Female-owned stations are found in about 40 percent of all Arbitron radio markets.
- The Stamford-Norwalk, Conn. market is the only market in the United States where women own more than half of the stations.
- Women own more than one-third of a market's stations in just six of the nation's 298 radio markets. Women own more than 25 percent of a market's stations in just 18 of the nation's 298 radio markets.

Minority owners are more likely to air formats that appeal to minority audiences, even though other formats are more lucrative. Choosing these different formats has a practical impact on the market status of minority-owned stations, as measured by audience ratings and share of market revenues.

- Among the 20 general station format categories, minority-owned stations were significantly more likely to air "Spanish," "religion," "urban," and "ethnic" formats. The Spanish and religion formats alone account for nearly half of all minority-owned stations.

- Primarily because the Spanish, religion and ethnic formats attract smaller segments of the market, the average audience ratings share and share of market revenue held by minority-owned stations is significantly lower than the ratings and revenue shares of non-minority-owned stations.

Television Results

- Women comprise 51 percent of the entire U.S. population, but own a total of only 67 stations, or 4.97 percent of all stations.
- Minorities comprise 33 percent of the entire U.S. population, but own a total of only 44 stations, or 3.26 percent of all stations.
- Hispanics or Latinos comprise 14 percent of the entire U.S. population, but only own a total of 15 stations, or 1.11 percent of all stations.
- Blacks or African Americans comprise 13 percent of the entire U.S. population but only own a total of 18 stations, or 1.3 percent of all stations.
- Asians comprise 4 percent of the entire U.S. population but only own a total of 6 stations, or 0.44 percent of all stations.
- Non-Hispanic White owners controlled 1,033 stations, or 76.6 percent of the all stations.
- The level of minority ownership in the general non-farm sector rose 23 percent from 1997 to 2002. However, from 1998 to 2006 the level of minority broadcast TV ownership dropped.

The pressures of consolidation and concentration brought on by bad policy decisions have crowded out minority owners, who tend to own just a single station and find it difficult to compete with their big-media counterparts for programming and advertising revenue.

- There has been no improvement in the level of minority broadcast television ownership since 1998, even as the total universe of stations has increased by approximately 12 percent.
- At the same time, there has been a marked decrease in the total number of black or African-American owned stations — dropping nearly 30 percent since 1998.
- A majority of minority-owned station sales after 1998 would not have been permitted under the pre-1996 nationwide ownership cap or under the pre-1999 ban on local duopolies.
- Pro-consolidation policies enacted by the FCC in the late 1990s had a significant impact on minority ownership, indirectly or directly contributing to the loss of 40 percent of the stations that were minority-owned in 1998.

Our analysis suggests that minority-owned stations thrive in more competitive, less concentrated markets. Even if the size of the market is held constant, markets with minority owners are *significantly* less concentrated than markets without minority owners.

- Markets that added minority owned stations since 1998 are also *significantly* less concentrated than those that did not add minority owned stations, even if market characteristics are held constant.
- The probability that a particular station will be a minority-owned news airing station is *significantly* lower in more concentrated markets, even if market and station characteristics are controlled for.
- White male and large corporate station owners tend to own far more stations than their minority and female counterparts.
- Minorities own just 13 of the 847 “big four” network-affiliated stations, or 1.5 percent of the total.
- Despite being nearly shut out of the big network-affiliate market, minority owners still manage to produce local news content at levels that are equal to or exceed their non-minority counterparts.

Though the national aggregate ownership data is telling, data at the local market level shows an even starker picture. Minorities are vastly underrepresented at the Designated Market Area (DMA) level, even in areas where minorities are the majority.

- Minority-owned stations reach 21 percent of all U.S. TV households and just 30 percent of all minority U.S. TV households.
- Hispanic- or Latino-owned stations reach just 21.8 percent of the Latino TV households in the United States.
- Black- or African American-owned stations reach just 8.7 percent of the African American TV households in the United States.
- Asian-owned stations reach just 10 percent of the Asian TV households in the United States.
- Over 10 percent of the nation's Hispanic or Latino TV homes are in the New York City market, where there are no Latino-owned stations.
- Over 12 percent of the nation's African-American TV homes are in the New York City and Los Angeles markets, where there are no African American-owned stations. Nor do African-Americans own stations in cities with large black populations like Atlanta and New Orleans.

The results of this study indicate a perilous state of under-representation of women and minorities in the ownership of broadcast media. The results also point to massive consolidation and market concentration as one of the key structural factors keeping women and minorities from accessing the public airwaves.

Before the FCC moves to further increase local market concentration by abandoning longstanding ownership rules, it should carefully consider the potential harms this shift in policy will bring to the underrepresented communities of this country. It is not sound policymaking to assert that diversity, localism and female/minority ownership are important goals, then to ignore the effects that rule changes would have on those goals.

Even if Congress or the FCC were to enact other measures aimed at increasing female and minority participation in full-power broadcast ownership – from tax credits to digital channel leasing -- these efforts will likely be futile in an atmosphere of increased consolidation. The best way to ensure a diversity of owners on the public airwaves is to roll back media consolidation.

Introduction

In 2003, the Federal Communications Commission approved a series of sweeping policy changes that promised to completely alter the mass media marketplace.¹ But when formulating the rules, the FCC — then under the leadership of Chairman Michael Powell — acted with little regard for public input or reasoned social-scientific policy analysis. Consequently, Powell's rule changes were met with an unprecedented public outcry and congressional backlash², before ultimately being overturned by the courts.³

Three years later, the FCC is poised to once again force rule changes upon an unwilling public. However, the public outcry in 2003 and the court's rejection of the 2003 rule changes have forced the current chairman, Kevin Martin, to act more cautiously this time around. In July 2006, the FCC issued a *Further Notice of Proposed Rulemaking*, soliciting public comment on the issues raised on remand by the Third U.S. Circuit Court of Appeals in its *Prometheus v. FCC* decision.⁴ As a part of this review, Chairman Martin has promised to hold six hearings

¹ *Report and Order and Notice of Proposed Rulemaking in the Matter of 2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets; Definition of Radio Markets for Areas Not Located in an Arbitron Survey*, MB Docket Nos. 02-277, 01-235, 01-317, 00-244, 03-130, FCC 03-127 (2003). Herein referred to as "2003 Order."

² Ben Scott, "The Politics and Policy of Media Ownership," *American University Law Review*, Vol. 53, 3, February 2004.

³ *Prometheus Radio Project, et al. v. F.C.C.*, 373 F.3d 372 (2004) (herein referred to as "*Prometheus*"), stay modified on rehearing, No. 03-3388 (3d Cir. Sept. 3, 2004), cert. denied, 73 U.S.L.W. 3466 (U.S. June 13, 2005).

⁴ *Further Notice of Proposed Rulemaking, in the Matter of 2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; 2002 Biennial Regulatory Review – Review of the*

across the country to seek public input into the rulemaking process and commissioned a series of still unfinished studies on the issue.⁵

A key issue before the Commission is how the rule changes will impact female and minority ownership of broadcast radio and television outlets. This report provides the first complete and accurate assessment and analysis of female and minority full-power commercial broadcast television ownership. The purpose of this study is to provide the public, Congress and the FCC with a complete understanding of the state of minority and female radio ownership, as well as the potential effects of proposed rule changes on female and minority ownership.

Because this study represents the first ever complete assessment of all licensed commercial radio and television stations, these results should not be compared with previous reports on minority ownership. Previous studies by National Telecommunications and Information Administration (NTIA) and the ownership summaries produced by the FCC were structured in a way that led to the exclusion of significant amounts of minority owners (and female owners, in the case of the FCC). Likewise, academic and other studies based on this flawed data are incomplete or inaccurate.

Minority and Female Radio Ownership: A Sorry History

Historically, women and racial and ethnic minorities have been under-represented in broadcast ownership due to a host of factors -- including the fact that some of these licenses were originally awarded decades ago when the nation lived under segregation. The FCC, beginning with its 1978 *Statement of Policy on Minority Ownership of Broadcasting Facilities*, repeatedly has pledged to remedy this sorry history.⁶

Congress also has recognized the poor state of female and minority ownership. The Telecommunications Act of 1996 ("The Act") contains specific language aimed at increasing female and minority ownership of broadcast licenses and other important communications media.⁷ The Act requires the FCC to eliminate "market entry barriers for entrepreneurs and other small businesses" and to do so by "favoring diversity of media voices."⁸ The Act also directs the Commission when awarding licenses to avoid "excessive concentration of licenses" by "disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women."⁹

The FCC initially appeared to take this mandate seriously. In 1997, the Commission completed a proceeding, as required by the Act, which identified barriers to entry for small businesses (and has been interpreted to include minority- and female-owned entities) and set forth the agency's plan for eliminating these barriers.¹⁰ Unfortunately, subsequent triennial reports have lacked substance.¹¹

Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets, MB Docket Nos. 06-121; 02-277 ; 01-235; 01-317; 00-244, FCC-06-93 (2006); Herein referred to as "Further Notice."

⁵ Hearings have been held in Los Angeles, Nashville, Harrisburg, Pa., and Tampa Fla. See <http://www.stopbigmedia.com/=hearings> for information about these hearings, including detailed ownership summaries for these markets.

⁶ *Statement of Policy on Minority Ownership of Broadcasting Facilities*, 68 FCC 2d, 979, 980 n. 8 (1978).

⁷ 47 U.S.C. §257, §309(j)

⁸ Section 257 is contained within Title II of the Communications Act and thus does not directly encompass broadcast services. However, the Commission has interpreted some aspects of the language of §257 to apply to broadcast licensing. In 1998, the Commission stated: "While telecommunications and information services are not defined by the 1996 Act to encompass broadcasting, Section 257(b) directs the Commission to 'promote the policies and purposes of this Act favoring diversity of media voices' in carrying out its responsibilities under Section 257 and, in its Policy Statement implementing Section 257, the Commission discussed market entry barriers in the mass media services." See FCC 98-281, *Report and Order: In the Matter of 1998 Biennial Regulatory Review -- Streamlining of Mass Media Applications Rules, and Processes -- Policies and Rules Regarding Minority and Female Ownership of Mass Media Facilities*, MM Docket No. 98-43, November 25, 1998, herein after referred to as the *Form 323 Report and Order*.

⁹ 47 U.S.C. §309(j)

¹⁰ "In the Matter of Section 257 Proceeding to Identify and Eliminate Market Entry Barriers for Small Businesses," *Report*, GN Docket No. 96-113, 12 FCC Rcd 16802 (1997).

¹¹ In his dissenting statement on the 2004 Section 257 report, Commissioner Michael Copps described the report as a "a slapdash cataloging of miscellaneous Commission actions over the past three years that fails to comply with the requirements of Section 257."

In 1998, the Commission further demonstrated its seriousness by taking a crucial first step to determine the actual state of female and minority ownership of broadcast radio and television stations. That year, the FCC began requiring all licensees of full-power commercial stations to report the gender and race/ethnicity of all owners with an attributable interest in the license.¹² In the *Form 323 Report and Order*, the Commission stated:

Our revised Annual Ownership Report form will provide us with annual information on the state and progress of minority and female ownership and enable both Congress and the Commission to assess the need for, and success of, programs to foster opportunities for minorities and females to own broadcast facilities.¹³

Other than this monitoring effort, the FCC has done very little to promote female and minority broadcast ownership (and the follow-up on this monitoring has been abysmal). In its 1999 Order that allowed television duopolies, the Commission paid lip-service to concerns about the policy change's effect on minority and female ownership, but still went forward with rule changes that allowed increased market concentration.¹⁴ In 2004, the Commission sought input into how it could better implement Section 257 of the Act. But this proceeding remains open, and the current chairman has shown no signs of interest in completing this important matter.¹⁵

In the 2003 Order implementing Powell's rule changes, the FCC assured the public that ownership diversity was a key policy goal underlying its approach to ownership regulation.¹⁶ However, the Third Circuit found otherwise, stating that "repealing its only regulatory provision that promoted minority television station ownership without considering the repeal's effect on minority ownership is also inconsistent with the Commission's obligation to make the broadcast spectrum available to all people 'without discrimination on the basis of race.'"¹⁷

The FCC Shows No Concern for Tracking Minority and Female Ownership

Before considering the potential effects of policy changes on female and minority ownership, we must first know the *current* state of ownership and evaluate the effects of previous policy changes. No one should be in a better position to answer these questions than the FCC itself. The Commission possesses gender and race/ethnicity information on every single broadcast entity and knows exactly when licenses changed hands.

However, the FCC has *no* accurate picture of the current state of female and minority ownership, and shows no sign of taking the matter seriously. Though the Commission has gathered gender and race/ethnicity data for the past seven years, it has shown little interest in the responsible dissemination of the information contained within the Form 323 filings.

This lack of interest or concern is made evident by the FCC's own Form 323 summary reports. Station owners began reporting gender/race/ethnicity information in 1999, and the FCC released its first "summary report" in January 2003 (for reporting in 2001).¹⁸ A second summary followed in 2004 (for reporting in 2003).¹⁹ The most recent report was issued in June 2006 (for the 2004-2005 period).²⁰ However, calling these publications "summary reports" is somewhat misleading, as they are merely a listing of each minority- or female-owned station's Form 323 response and not aggregated in any manner. No information on the stations not owned by women or minorities is given.

¹² 47 C.F.R. 73.3615

¹³ *Report and Order, In the Matter of 1998 Biennial Regulatory Review Streamlining of Mass Media Applications, Rules, and Processes Policies and Rules Regarding Minority and Female Ownership of Mass Media Facilities*, MM Docket Nos. 98-43; 94-149, FCC 98-281 (1998).

¹⁴ *Report and Order, In the Matter of Review of the Commission's Regulations Governing Television Broadcasting Television Satellite Stations Review of Policy and Rules*, MM Docket Nos. 87-8, 91-221, FCC 99-209 (1999).

¹⁵ MB Docket No. 04-228, "Media Bureau Seeks Comment on Ways to Further Section 257 Mandate and to Build on Earlier Studies" DA 04-1690, June 15, 2004.

¹⁶ See 2003 Order, "Encouraging minority and female ownership historically has been an important Commission objective, and we reaffirm that goal here."

¹⁷ See *Prometheus*, note 58.

¹⁸ Though this data summary is not directly displayed on the FCC's ownership data page (<http://www.fcc.gov/ownership/data.html>), it can be downloaded at <http://www.fcc.gov/ownership/ownminor.pdf> and <http://www.fcc.gov/ownership/ownfemal.pdf>

¹⁹ Though this data summary is not directly displayed on the FCC's ownership data page (<http://www.fcc.gov/ownership/data.html>), it can be downloaded at http://www.fcc.gov/ownership/owner_minor_2003.pdf and http://www.fcc.gov/ownership/owner_female_2003.pdf

²⁰ http://www.fcc.gov/ownership/owner_minor_2004-2005.pdf and http://www.fcc.gov/ownership/owner_female_2004-2005.pdf

Closer examination of these summary reports reveals significant problems. For starters, on the FCC Web site where the most recent summary files are provided for download, there is a paragraph that explains the purpose of the data and provides a brief summary of the tally.²¹ This Web site lists the total number of stations that filed Form 323 or Form 323-E in the 2004-2005 calendar year, and then lists the total number of stations that the FCC determined are owned by women or people of color. All commercial stations are required to report the race/ethnicity and gender of station owners on Form 323. Form 323-E requires all non-commercial educational stations to report the identity of station owners, but does not require the disclosure of the race/ethnicity or gender information.

However, since stations that file Form 323-E *don't report gender or race/ethnicity* information, it is perplexing why the FCC Web site reports the total number of stations that filed *either* form. This ambiguous reporting has led to some observers using these summaries to erroneously report the wrong percentage of stations owned.²²

Other problems exist in these summaries. Some station owners listed in the 2003 summary are missing from the 2004 report but reappear in the 2006 summary, despite the fact that ownership had not changed during the interim period. Certain stations have ownership interests that add up to more than 100 percent. In some instances, the type of station facility (AM, FM or TV) is not specified.

But the most alarming problems are ones of omission. Not a single station owned by Radio One is listed by the FCC, even though the company is the largest minority-owned radio broadcaster in the United States. Stations owned by Granite Broadcasting, the largest minority-owned television broadcaster, are also missing from the summary reports. However, examination of the individual Form 323 filings for these stations shows that they are indeed minority-owned. Why aren't they in the FCC's summary?

The answer likely lies in how the larger-group stations report ownership information, and how the FCC harvests the information for their summary reports. Most of the licenses of those stations missed by the FCC are "owned" by intermediate entities, which are -- in some cases -- many degrees separated from the "actual" owner. Some stations file more than 20 separate Form 323 forms (one for each holding entity), with the true owners listed on only one form. And in many cases, the actual ownership information is attached as an exhibit and not listed on the actual form. Thus the FCC, which tabulates the information for its summaries by harvesting these electronic forms via an automated process, misses stations that file in this convoluted and confusing manner.

The Commission's lack of understanding of its own Form 323 data became even more apparent when the Media Bureau released previously unpublished internal studies that attempted to ascertain the true state of female and minority broadcast ownership.²³ A draft dated November 14, 2005, reports that there were, as of 2003, 60 television stations and 692 radio stations owned by women; and 15 television stations and 335 radio stations owned by minorities.²⁴ However, *Out of the Picture* showed that by the fall of 2006 there were 44 minority-owned stations, and this was not the result of a massive increase in minority ownership. Indeed, the same FCC draft report indicated just a single African-American-owned television station in the 2003 sample period. However, a review of Granite Broadcasting's (an African-American-owned company) Form 323 filing in 2003 showed that they alone held nine full-power television station licenses.²⁵ This internal summary is deeply troubling in its

²¹ <http://www.fcc.gov/ownership/data.html>

²² For example, Howard University Professor Carolyn M. Byerly in an October 2006 report writes: "FCC data indicate that in 2005, women owned only 3.4% and minorities owned only 3.6% of the 12,844 stations filing reports." This report was based on the flawed FCC summaries of Form 323 data (see "Questioning Media Access: Analysis of FCC Women and Minority Ownership Data," Benton Foundation and Social Science Research Council, October 2006). Also, in his book *Fighting For Air*, New York University Professor Eric Klinenberg writes that "by 2005, the FCC reported that only 3.6 percent of all broadcast radio and television stations were minority-owned, while a mere 3.4 percent were owned by women" (page 28). These are the exact but inaccurate percentages obtained from the information on the FCC 323 summary Web site. They were calculated by dividing the number of reported stations by the total number of stations that filed Form 323 or Form 323-E (438/12,844 = 3.4 percent women-owned; 460/12,844 = 3.6 percent minority-owned).

²³ See <http://www.fcc.gov/ownership/additional.html> for documents released in December of 2006.

²⁴ <http://www.fcc.gov/ownership/materials/newly-released/minorityfemale011405.pdf>

²⁵ Furthermore, FCC data also indicates that during the timeframe of the FCC analysis, there were at least three more African-American-owned stations (WJYS, KNIN-TV and KWCV), bringing the number of African-American-owned stations to 12. The FCC document reported two American Indian-owned stations; but at the time of this draft study, FCC records indicate at least four American Indian-owned stations (KHCV, KOTV, KWTW, and WNYB). The FCC document reported four Asian-owned stations; but at the time of this draft study, FCC records indicate at least seven Asian-owned stations (KBFD, WMBC, KBEO, KWKB, KCFG, KEJB and KKJB).

inaccuracy and raises questions about the data analysis ability of Commission staff, and the commitment of the Commission to accurately monitor female and minority ownership.

This obvious lack of concern is truly troubling given the Commission's legal obligation to foster improved female and minority broadcast ownership. The FCC has both the raw data and the resources to adequately address the issues raised by the Third Circuit regarding minority ownership but chooses instead to ignore this issue and rely on public commenters to do its job.

We hope that recent comments by all five FCC Commissioners indicate that the Commission now recognizes the importance of addressing this issue. As Chairman Martin recently said, "To ensure that the American people have the benefit of a competitive and diverse media marketplace, we need to create more opportunities for different, new and independent voices to be heard."²⁶

Methodology

The universe of licensed full-power commercial radio stations and owners was determined using BIA Media Access Pro and the FCC's CDBS Public Access Database.²⁷ BIA Media Access Pro data reflects ownership status as of February 14, 2007 and includes station sale deals that were announced as of that date. FCC Form 323 ownership filings were then reviewed, with ownership information assigned using the most recent filings.²⁸ In some cases where deals had been announced but not consummated, FCC Form 315 filings were reviewed to determine the distribution of voting interest, which in many cases could then be cross-referenced with Form 323 filings to determine the gender and race or ethnicity of owners. "Ownership" was defined as the gender or race of owners with voting interest that exceeded 50 percent alone or in the aggregate. If no single gender or race met these criteria, then stations were assigned "no controlling interest status." This status most often was assigned to publicly traded corporations where listed entities did not form a majority of the voting interest. The "no controlling interest" status for gender was also conferred upon entities where a man and a woman each controlled 50 percent of the voting interest. For each station-owning entity, the gender and race/ethnicity of the CEO, president or managing member was noted using Form 323 filings.

A significant number of stations are not required to file Form 323 because they are owned by sole proprietorships. Where possible, ownership information for these stations was assigned using publicly available information. In total, there were 279 stations where race and ethnicity remained unknown, and 168 stations where gender remained unknown. To more accurately estimate the true level of minority and female ownership, a stratification of the distribution of ownership by number of stations owned was performed. Based on these distributions, the true level of ownership was estimated for the unknown stations.

For stations that were located within an Arbitron-rated radio market, a station was considered locally owned if the owning entity's main contact address (as listed in BIA Media Access Pro) was within the same Arbitron market. For stations that were not in rated markets, a station was considered locally owned if the owner's main contact address was within the same Arbitron Total Survey Area (TSA) as the station²⁹ or if a station's main contact address was within two counties adjacent to the station's county of license.

Demographic data in BIA Media Access Pro was augmented with Census data to determine the total minority population in each market.³⁰ Information about the gender of station general managers was determined using

²⁶ "Remarks of FCC Chairman Kevin J. Martin, 2007 AWRT Annual Leadership Summit Business Conference, March 9, 2007, Available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-271371A1.pdf. At the same event, Commissioner Robert McDowell stated that the data on female and minority ownership was "extremely troubling" to him, and that he wanted to find out "why that number is lower than in other industries." See <http://www.broadcastingcable.com/article/CA6423119.html?title=Article&spacedesc=news>.

²⁷ Stations listed by the FCC as "licensed" were the only stations included in the data set. Stations that had "construction permit-off-air," "licensed and silent," or "licensed cancelled" status were excluded from the analysis. Also, stations not listed by BIA as noncommercial but which filed Form 323-E (ownership forms for non-commercial educational stations) were excluded from the data set. Stations in the Puerto Rico Arbitron radio market were not included in the analysis.

²⁸ In most cases, the most recent filings were from 2005-2007.

²⁹ As defined by Arbitron's spring 2007 survey.

³⁰ BIA does not tabulate non-white Hispanic percentages; nor do they tabulate information for Native Hawaiian/Pacific Islanders or American Indian/Alaska Natives.

names in BIA Media Access Pro and other print information. Affiliate information for radio talk show hosts was gathered from program Web sites on May 8-9, 2007 and not independently verified.

Statistical analysis methods such as t-tests, OLS, Probit maximum likelihood models, and Heckmen maximum likelihood selection probability models were used to examine the statistical significance of station and market-level ownership and station and market-level demographics, as well as differences in ownership concentration and the airing of talk show programming. Significance levels are highlighted in each figure where appropriate, and Appendices A and B details the more complex modeling.

The universe of full-power commercial television stations was determined using the FCC's CDBS Public Access Database.³¹ Each individual station's Form 323 ownership filing was then reviewed, with ownership information assigned using the most recent filings (in most cases, the most recent filings were from 2004-2006).³² "Ownership" was defined as the gender or race of owners with voting interest that exceeded 50 percent alone or in the aggregate. If no single gender or race met these criteria, then stations were assigned "no controlling interest status." This status most often was assigned to publicly traded corporations where listed entities did not form a majority of the voting interest. Information concerning stations that are operating under local marketing agreements (LMAs) was obtained from contracts that were filed with individual Form 323 filings. Data from the National Telecommunications and Information Administration's 1998 and 2000 *Minority Commercial Broadcast Ownership* reports were verified and updated with information from the CDBS database, as well as other publicly available sources and interviews with station representatives.

Stations broadcasting on channels 2-13 were assigned VHF status, while stations broadcasting on channels 14-69 were assigned UHF status. Information about the network affiliation and local news content of each station was determined by viewing station Web sites, checking local programming listings or contacting the station.³³ The above data were merged with demographic data at the state and Designated Market Area levels, using information from the U.S. Census Bureau and BIA Financial. Statistical analysis methods such as ANOVA, t-tests, OLS, robust regression and probit maximum likelihood models were performed to examine the statistical significance of market-level ownership and market-level demographics, as well as differences in ownership concentration. Significance levels are highlighted in each figure.

PART I - RADIO

The State of Female and Minority Radio Ownership in the United States

As of February 2007, there were 10,506 licensed full-power commercial radio stations in the United States. Women own 609 stations, leaving 168 stations where the gender of the owner(s) could not be determined. After accounting for these unknown gender stations, we estimated that women own 629 stations, or 5.99 percent of all stations.

We determined that 776 of the 10,506 stations are minority-owned. After accounting for the 279 stations where the race/ethnicity of the owner could not be determined, we estimated that minorities own 812 stations, or 7.76 percent of all stations.

We estimated that of these stations, 362 have black or African-American owners, accounting for 3.45 percent of all stations. Hispanic or Latino owners controlled an estimated 305 stations, or 2.90 percent of the total. Asian owners control an estimated 92 stations, or 0.88 percent. American Indian or Alaska Native owners control an

³¹ The list was gathered on July 18th 2006. In addition to stations listed by the FCC as "licensed", each station that had "construction permit-off-air" or "licensed and silent" status was examined to determine if the station was currently on the air, and if so, were added to the list of licensed stations.

³² This review was conducted from July 18th to August 3rd. Ownership reported herein is considered current as of June 2006, as stations are required to file an updated Form 323 report within 30 days of a change in ownership structure, in addition to their biennial filing.

³³ Stations were deemed to air local news if they aired at least one local news broadcast during the programming week, regardless of whether or not the station itself actually produced the newscast. Thus stations airing repurposed or repackaged news broadcasts are still counted as airing local news.

estimated 32 stations, or 0.30 percent. There is one Native Hawaiian or Pacific Islander owner who controls 21 stations³⁴, or 0.20 percent of all licensed full-power commercial U.S. radio stations (see Figure 1).

**Figure 1: Full-Power Commercial Radio Station Ownership
By Gender and Race/Ethnicity**

Category	Owner	Number of Stations	Percent of All Commercial Full-Power Radio Stations	Estimated Actual Percent of All Commercial Full-Power Radio Stations*
Gender	Female	609	5.80	5.99
	Male	8,533	81.24	82.44
	No Controlling Interest	1,196	11.37	11.57
	Unknown	168	1.59	
Race/Ethnicity	Amer.Indian/AK Native	30	0.29	0.30
	Asian	90	0.86	0.88
	Black or African American	346	3.29	3.45
	Hispanic or Latino	289	2.75	2.90
	Nat.Hawaiian/Pac.Isl.	21	0.20	0.20
	All Minority	776	7.39	7.73
	Non-Hispanic White	8,921	84.92	87.21
	No Controlling Interest	530	5.04	5.06
	Unknown	279	2.65	
	Total	10,506		

Source: FCC Form 323 filings; Free Press Research

** Estimates are based on known owners and estimates of the ownership of stations where ownership gender and/or race could not be determined*

By comparison, non-Hispanic white owners control an estimated 9,162 stations, or 87.21 percent of the total stations. The remaining stations are owned by entities with no single race/ethnicity accounting for more than 50 percent of the voting interest. In most cases, the stations designated as having “no controlling interest” are owned by large publicly traded corporations such as Cumulus Broadcasting, whose voting stock is disbursed among a wide population of shareholders.

An estimated 1,216 stations are owned by entities where no single gender accounts for more than 50 percent of the voting interest. In over half of the stations with “no controlling interest” gender status, the stations are owned by an entity that consists of a man and a woman (usually husband and wife), with each having 50 percent of the voting interest.

Women make up half of the U.S. population, yet own approximately one-twentieth of full-power commercial radio stations. Minorities account for nearly 33 percent of the U.S. population but own less than 8 percent of the radio stations.

No Diversity at the Top of Station Management

Approximately 530 stations, or about 5 percent of all stations, are owned by an entity where no controlling interest is held by a single race or ethnicity. These are often publicly traded corporations where the voting interest is widely dispersed amongst shareholders, rendering assignment of ownership ethnicity or race impossible.³⁵ However, the companies that own these stations suffer from the same lack of diversity seen in other stations. Only seven of the 530 stations with “no controlling interest” race/ethnicity status have a minority CEO or president.

³⁴ Roy E. Henderson

³⁵ Form 323 only requires disclosure of persons who control 5 percent or more of the voting interest in a particular station. For the “no controlling interest” race/ethnicity stations, the level of reported voting interest is often well below 50 percent.

There were 1,196 stations with “no controlling interest” by gender, or 11.37 percent of all stations. As indicated above, more than half of these stations are owned by husband-wife entities, where ownership interest is shared equally. However, the male owners lead the overwhelming majority of these arrangements. In total -- of the 1,196 stations assigned the status of “no controlling interest” for gender -- only 55 have a female CEO or president.

This lack of diversity at the top is also seen among the stations where ownership gender and race/ethnicity could be determined. Just 4.7 percent of all full-power commercial broadcast radio stations are owned by an entity with a female CEO or president, while only 8 percent of stations are owned by an entity with a CEO or president who is a racial or ethnic minority.

There is also a troubling lack of CEO diversity within the companies that are not female or minority owned. Only 1 percent of the non-female-owned radio stations are owned by an entity with a female CEO or president, while just 0.9 percent of the non-minority-owned radio stations are owned by an entity with a minority CEO or president. By contrast, 34.5 percent of the female-owned stations had a male CEO or president. Among minority-owned stations, the leadership largely reflected the race/ethnicity of the owner, as was the case among non-minority-owned stations. Only 1.03 percent of minority-owned stations had a white CEO or president.

We also found that while women own just 5.5 percent of the non-minority-owned stations, they own 9.3 percent of the nearly 800 minority-owned radio stations. And while minorities own just 7 percent of the non-female-owned stations, they control almost 12 percent of the more than 600 female-owned stations.

Minority-owned stations are also significantly more likely to be run by a female CEO or president than are stations not owned by people of color. Nearly 8 percent of minority-owned stations have a woman at the top in the position of CEO, president or managing member, versus just 4.5 percent of the other stations. Likewise, female-owned stations are significantly more likely to be run by a minority CEO or president than stations not owned by women: 12 percent of female-owned stations have a minority CEO or president, versus just 7.8 percent of other stations.

This apparent complementary nature of female and minority ownership is also seen in the gender of station’s general managers. Nearly 20 percent of the minority-owned stations have a female general manager, versus 16.2 percent of the stations not owned by people of color. Not surprisingly, female-owned stations were twice as likely as stations not owned by women to employ a female general manager. These differences are important, as station management may be a path to station ownership.

Female and Minority Owners Control Fewer Stations per Owner

White male and large corporate station owners tend to own more stations than their minority and female counterparts. The average number of stations owned per unique white, non-Hispanic owner is 3.9, and male owners controlled an average of 4.1 stations each. The average number of stations owned per unique owner is 2.6 for minorities and 2.1 for women.

While the average number of stations owned by a unique minority owner is 2.6, for Latinos it is even lower (see Figure 2). This reflects the fact that the largest Latino owner (Border Media Partners) controls just 27 stations, compared to 69 for the largest African-American owner (Radio One), and 43 for the largest Asian owner (Multicultural Radio Broadcasting Inc.). These numbers pale in comparison to the largest non-minority owner, Clear Channel, which controlled nearly 1,100 stations at the time of this study.

Female and minority radio station owners are also significantly more likely to be single-station owners than their non-female and non-minority counterparts. Over 60 percent of female owners control just a single station, compared to half of all non-female owners. Two-thirds of the unique minority owners control just one station, compared to half of all unique non-minority owners.

African-American and Latino owners drive the high level of minority single-station ownership. And while the overall level of single-station ownership by minorities is high, it is even higher among minority women. Nearly 91 percent of Latino female station owners and 80 percent of African-American female owners are single-station proprietors (see Figure 3).

**Figure 2: Ownership Concentration and Race/Ethnicity:
Number of Radio Stations Owned per Unique Owner**

Owner	Average Number of Stations Owned per Unique Owner	Median Number of Stations Owned per Unique Owner
Amer.Indian/AK Native	2.5	2
Asian	3.8	1
Black or African American	2.7	1
Hispanic or Latino	2.3	1
Nat.Haw./ Pac.Isl.	21	21
All Minorities	2.6	1
White, Non-Hispanic	3.9	2
Male	4.1	2
Female	2.1	1
White Male	4.4	2

Source: FCC Form 323 filings; Free Press Research

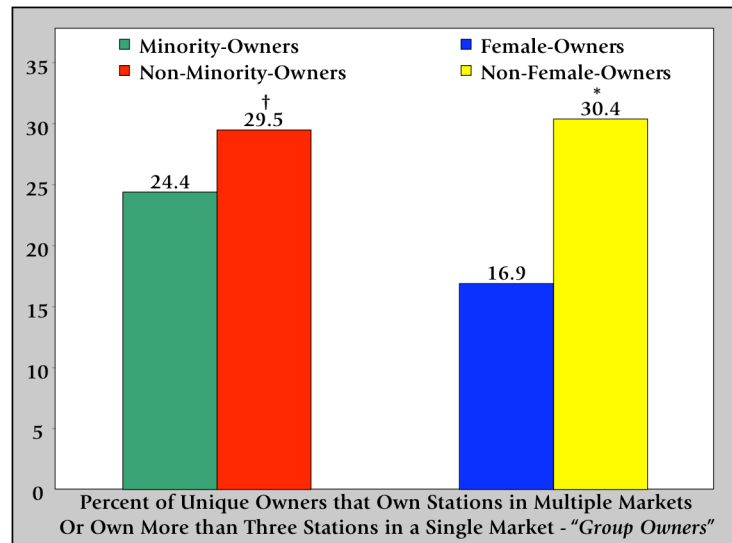
**Figure 3: Ownership Concentration
Unique Owners Controlling Multiple Stations by Race/Ethnicity**

Race/Ethnicity	Gender	Number of Unique Owners Owning Just One Station	Percentage of Unique Owners Owning Just One Station	Number of Unique Owners Owning Multiple Stations	Percentage of Unique Owners Owning Multiple Stations
Amer.Ind/AK Native	Male	2	20	8	80.0
	Female	0	0	1	100.0
	All	3	25	9	75.0
Asian	Male	8	57.1	6	42.9
	Female	5	62.5	3	37.5
	All	14	58	10	41.7
Black or African American	Male	73	70.2	31	29.8
	Female	12	80	3	20.0
	All	93	72	37	28.5
Hispanic or Latino	Male	59	67.0	29	33.0
	Female	20	90.9	2	9.1
	All	90	70	38	29.7
Native Hawaiian/Pacific Islander	Male	0	0	1	100
	Female	0	0	0	0.0
	All	0	0	1	100
All Minorities	Male	142	65	75	34.6
	Female	37	80.4	9	19.6
	All	200	68	95	32.2
White, Non- Hispanic	Male	803	45.0	983	55.0
	Female	130	55.1	106	44.9
	All	1,065	46	1,235	53.7
All	Male	1,017	48.8	1,069	51.2
	Female	180	60.8	116	39.2
	All	1,465	51	1,380	48.5

Source: FCC Form 323 filings; Free Press Research

Female and minority owners are also less likely to be “group owners,” those entities that control stations in multiple markets or more than three stations in a single market (see Figure 4).

Figure 4: Group Station Owners By Gender/Race Ethnicity



Source: FCC Form 323 filings; BLA Financial; Free Press Research

* difference is statistically significant at $p < 0.001$; [†] difference is statistically significant at $p < 0.10$

Female- and Minority-Owned Stations: More Local, More Often

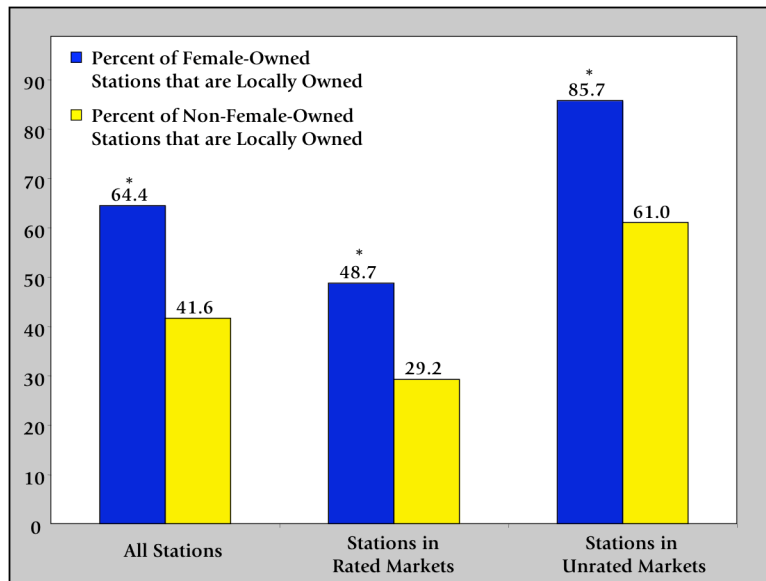
The FCC states that localism is one of its key criteria as it reviews regulations governing broadcast media ownership. Since broadcasting by its nature is a local medium, increasing the amount of local ownership should be a paramount policy goal. In theory, local owners should be more connected to the communities they serve, and thus in a better position to serve the public interest than owners who reside hundreds or thousands of miles away.

To examine the relationship between the gender and race/ethnicity of station owners and the degree of local ownership, we first constructed a definition of “local ownership.” The definition is more expansive than just the physical location of the license and the owners, reflecting the fact that most radio stations serve areas that are larger than just a single city or county. We chose a market-based definition, deeming a station to be locally owned if the owner’s physical headquarters were in the same Arbitron radio market a station serves. For the 40 percent of stations not in an Arbitron market, we defined stations as locally owned if the owner’s headquarters and the station were both in counties in the same Arbitron Total Survey Area³⁶ or were located within two counties adjacent to each other.

Using this definition, we found that stations owned by women are significantly more likely to be locally owned. Among all stations, 64.4 percent of the female-owned stations are locally owned versus 41.6 percent of the non-female-owned stations. For the stations in Arbitron-rated markets, 48.7 percent of the female-owned stations are local, versus just 29.2 percent of the non-female-owned stations. Among the stations in unrated markets, a whopping 85.7 percent of female-owned stations are locally owned, versus 61 percent of the stations not owned by women (see Figure 17).

³⁶ Each Arbitron radio market is made of up to two geographic areas that are each surveyed to determine ratings information. The “Metro Survey Area” (Metro) includes the counties that actually make up the Arbitron market and is surveyed four times each year. The “Total Survey Area” (TSA) includes all of the counties in the Metro as well as one or more non-Metro counties contiguous to the Metro area. TSAs are surveyed twice a year and, in general, are areas that are not in the Arbitron market but where listeners may be able to hear the radio stations that serve the nearby rated market.

Figure 5: Local Station Ownership by Gender



Source: FCC Form 323 filings; BLA Financial; Free Press Research

** difference is statistically significant at $p < 0.001$*

For minority owners, the situation is more complex because the minority population is not evenly distributed throughout all regions of the country. Among all stations, 42.5 percent of the minority-owned stations are locally owned, essentially the same level observed among stations not owned by minorities.

However, for the stations in Arbitron-rated markets, 38.3 percent of the minority-owned stations are locally owned, versus just 29.4 percent of the non-minority-owned stations. But the situation is reversed in the unrated markets, which have lower minority populations.³⁷ Among the stations in unrated markets, the level of local ownership by minority owners is over 56 percent. But the local ownership level of stations not owned by minorities is 62.9 percent (see Figure 6).

Local ownership is also strongly associated with the numbers of stations controlled per owner. Not surprisingly, local ownership is very high among single-station owners. Over 83 percent of single stations are locally owned, versus just 36 percent of the stations owned by multiple station owners.³⁸ Among the stations controlled by group owners (those with stations in multiple markets or three or more stations in a single market), only 28 percent of their stations are locally owned, versus 85 percent of the stations of non-group owners.³⁹

Female- and Minority-Owned Stations Thrive In Less Concentrated Markets

Minority- and female-owned stations tend to be, on average, in the larger (by both number of stations and population) Arbitron markets (see Figure 32 below). Given that the larger markets tend to be less concentrated⁴⁰, we expected to find minority- and female-owned stations are in less concentrated markets than those without these stations. And this is indeed the case.

³⁷ The average minority population in Arbitron markets is 26.6 percent. The average minority population in the counties of unrated market stations is 18.5 percent.

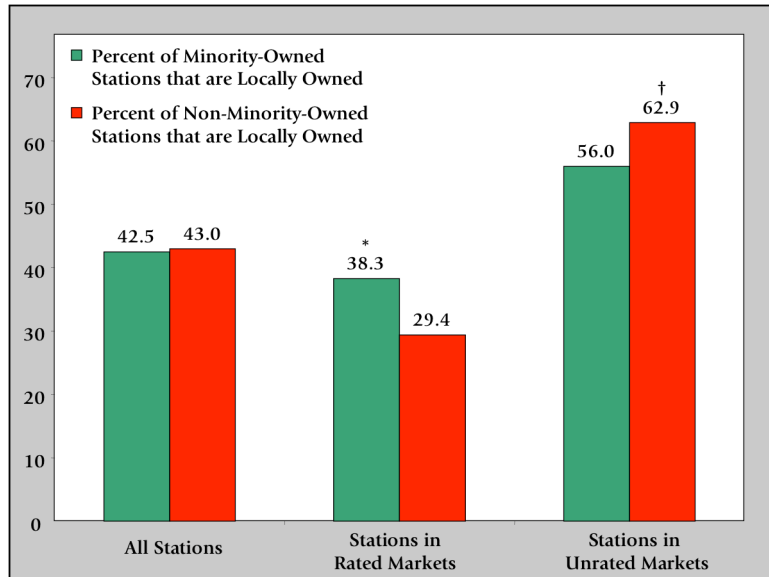
³⁸ Difference is statistically significant at $p < 0.0001$.

³⁹ Difference is statistically significant at $p < 0.0001$.

⁴⁰ The number of stations owned per unique owner is positively correlated with market rank (i.e., as a market decreases in size, the concentration of station ownership tends to increase). This pairwise correlation has a Pearson's r of 0.23 at a $p < 0.0001$. This result is repeated in the case of market audience share HHI (see below for definition), where the $r = 0.55$ at $p < 0.0001$; and in the case of market revenue HHI (see below for definition), where the $r = 0.39$ at $p < 0.0001$.

In the markets that contained at least one minority-owned station, the average number of stations held per unique owner was 2.33, far less than the ratio of 2.68 stations per unique owner observed in the markets that had no minority owners. Similarly, in markets with female owners the average number of stations per owner was 2.31, significantly lower than the 2.65 stations per owner in the markets without female-owned stations.

Figure 6: Local Station Ownership by Race/Ethnicity



Source: FCC Form 323 filings; BIA Financial; Free Press Research

* difference is statistically significant at $p < 0.001$; † difference is statistically significant at $p < 0.10$

The Arbitron markets that had female and minority owners were also significantly less concentrated than the markets without these owners in terms of the concentration of market revenue and audience share, as measured by the Herfindahl-Hirschman Index (HHI).⁴¹

The average audience share HHI in markets with minority owners was 1,675 -- far below the value seen in markets without minority owners, which stood at 2,135. A nearly identical result was observed in the case of markets with female owners, where the audience share HHI was 1,688 -- far below the 2,050 HHI seen in the markets without female-owned stations. This pattern was repeated in the examination of market revenue HHIs, where the average market with a minority had an HHI of 3,063, significantly less than the revenue HHI of 3,916 observed in the markets with no minority owners. Finally, the revenue HHI for female owner markets was 3,107, far less than the 3,745 value observed in markets that had no female owners present.

It could be argued these results are due to population differences at the market level, not the result of lower concentration leading to higher levels of diverse ownership. This argument is only relevant in the case of

⁴¹ The Herfindahl-Hirschman Index (HHI) is calculated as:

$$H = \sum_{i=1}^n S_i^2 \times 10,000$$

where
 n = the number of firms
 S_i = the share of the i th firm.

Thus a market with 10 firms that had equal market shares (0.1 each) would have an HHI of 1,000. A higher HHI means a market is more concentrated. HHIs above 1,800 indicate a market is "highly concentrated". Market revenue share HHI calculations were based only on the universe of commercial stations. For market audience share calculations, all commercial and non-commercial stations were included. Share is reported by BIA (using Arbitron data) as the percent of all those listening to the radio at a given time that are tuned in to the particular station. However, because audience share information is not reported for noncommercial stations, these stations and the commercial stations that had no reported share were assigned an estimated value, calculated by summing the total reported shares, subtracting from 100, and dividing the remainder among these stations.

minority owners, as minorities tend to make up larger percentages of the population in the higher-ranked Arbitron markets.⁴²

However, even if the size of the market and the level of minority population in the market are held constant, markets with minority owners are *significantly* less concentrated than markets without minority owners.⁴³ And a similar examination of female ownership show that markets with a female-owned station are also *significantly* less concentrated than markets without such stations.⁴⁴

Another way of examining this issue is to look at the probability that an individual station will be minority-owned, given the particular characteristics of each market or station. Under this analytical frame, we still find that as a market becomes more concentrated, a station is *significantly* less likely to be minority-owned — even when holding market and station characteristics constant.⁴⁵ A similar examination of the probability of female station ownership also reveals a strong negative association with market concentration, even after accounting for market- and station-level characteristics.⁴⁶

These findings are extremely important, for they imply that minority and female owners thrive in more competitive markets, regardless of market or station characteristics. They also have tremendous implications for the current ownership proceeding at the FCC. One unambiguous consequence of further industry consolidation and concentration will be to diminish both the number of minority-owned stations and the number of female-owned stations. The FCC should seriously consider the effects on women and minority owners and their listeners before it moves to enact policies that will lead to increased market concentration.

Indeed, though we did not examine historical trends in female and minority radio station ownership in this study, our results for the TV market (detailed below) show that previous pro-consolidation policies enacted by the FCC in the late 1990s had a significant impact on minority TV station ownership, indirectly or directly contributing to a loss of 40 percent of the TV stations that were minority owned as of 1998. The FCC's 2003 *State of the Radio Industry* report found that from 1996 to 2003, the number of unique radio station owners had decreased by 35 percent, even as the overall number of stations increased by 6 percent.⁴⁷ (Notably, this study wasn't made public until last fall when a copy was leaked to California Sen. Barbara Boxer). These trends certainly can be attributed to the policies contained within the 1996 Telecommunications Act and subsequent FCC decisions that facilitated massive industry consolidation.

Minority Ownership of Radio Stations is Low Even in Markets with Large Minority Populations

Because broadcast radio stations are geographically limited in their market reach, information about female and minority ownership at the local level is more telling than the national aggregate. The traditional geographic boundary used for analysis of radio markets at the local level is the Arbitron market. These markets encompass over 80 percent of the entire U.S. population. But unlike Nielsen's Designated Market Areas (DMAs), Arbitron markets do not cover the entire country, nor do they capture all of the licensed radio stations. Thus our analysis at the market level excludes the 40 percent of radio stations that lie outside of Arbitron markets.

Like ownership at the national level, minorities are vastly underrepresented at the Arbitron market level, even in areas where minorities are the majority. The same is true for women, even though nationwide they comprise a majority of the population.

⁴² The pairwise correlation between market rank and percentage minority population shows a negative relationship, with a Pearson's r of -0.32 at $p < 0.0001$ (i.e. the percentage of a market's population that is made up of racial and ethnic minorities tends to decrease as the market size decreases).

⁴³ See Appendix A for details. These results hold when station-owner ratio and audience share HHI are examined in separate equations.

⁴⁴ See Appendix A for details. These results hold when station-owner ratio, audience share HHI, and market revenue HHI are examined in separate equations.

⁴⁵ See Appendix A for details. Control variables include total market population, the percent minority population in the station's market, the percent female population in the station's market, and whether or not the station is AM. These results hold when station-owner ratio and audience share HHI are examined in separate equations.

⁴⁶ See Appendix A for details. Control variables are the same as indicated above. These results hold when station-owner ratio and audience share HHI are examined in separate equations.

⁴⁷ *Review of the Radio Industry, 2003*, Federal Communications Commission, Media Bureau, Industry Analysis Division, September 2003.

Minority-owned stations are present in 154 of the nation's 298 Arbitron radio markets. Examination of individual racial and ethnic groups shows only modest overlap between different minority groups, mostly in the larger markets that have higher proportions of minority populations. Of the 154 markets with a minority owner, over two-thirds have just a single minority group represented. Only the Houston, Texas and Washington, DC markets have four of the five minority groups represented. No market has all five.

Black- or African-American owned stations are in 100 of the 298 markets, while Hispanic- or Latino-owned stations are present in 81 markets. Asian-owned stations are present in 32 markets, while stations owned by Native Hawaiian or Pacific Islanders are located in four markets. American Indian- or Alaska Native-owned stations are in six of the 298 Arbitron markets. Non-minority-owned stations are present in every single Arbitron market.

In 23 of the 298 U.S. Arbitron radio markets, minorities comprise a majority of the population. However, even in these markets the percentage of radio stations owned by minorities is still relatively low. In two of these 23 markets (Stockton, Calif. and Las Cruces, N.M.) minorities own no stations. Minorities own a majority of stations in only one of these markets, Laredo, Texas (see Figure 7).

Figure 7: Arbitron Radio Markets with 'Majority-Minority' Populations

Market Rank	Market	Percent Minority Population in Market	Percent of Radio Stations in Market Owned by Minorities
205	Laredo, TX	95.1	62.5
58	McAllen-Brownsville-Harlingen, TX	88.1	45.5
76	El Paso, TX	83.0	10.5
64	Honolulu, HI	80.0	9.7
227	Las Cruces, NM	67.5	0.0
2	Los Angeles, CA	64.3	26.8
12	Miami-Ft. Lauderdale-Hollywood, FL	63.7	33.3
136	Corpus Christi, TX	60.9	21.4
66	Fresno, CA	60.3	10.3
29	San Antonio, TX	59.3	24.4
100	Visalia-Tulare-Hanford, CA	58.2	28.6
180	Merced, CA	56.0	20.0
126	Victor Valley, CA	56.0	23.3
35	San Jose, CA	55.8	18.8
129	Fayetteville, NC	53.7	10.5
270	Albany, GA	53.7	6.3
25	Riverside-San Bernardino, CA	52.7	23.1
81	Stockton, CA	52.6	0.0
70	Albuquerque, NM	52.3	5.6
6	Houston-Galveston, TX	51.5	30.9
78	Bakersfield, CA	50.5	9.4
4	San Francisco, CA	50.0	13.6
236	Santa Fe, NM	50.0	27.3

Source: FCC Form 323 filings; BLA Financial; Free Press Research

Overall, in 288 of the 298 U.S. Arbitron radio markets, the percentage of minorities living in the market is greater than the percentage of radio stations owned by people of color. In total, people of color own more than 25 percent of a market's stations in just 24 of the nation's 298 radio markets; they own more than one-third of the stations in just seven markets.

Hispanics or Latinos form a plurality or majority of the population in 11 Arbitron markets.⁴⁸ In one of these markets (Las Cruces, N.M.), there are no Latino or any minority owners. Latinos own a majority of the stations in just one of the seven markets where Latinos comprise a majority of the population (Laredo, Texas). There are Latino owners present in 22 of the 25 top markets by Latino population. However, even in these markets, the level of Hispanic or Latino ownership is up to eight times below the proportion of the Latino population living

⁴⁸ Latinos form a majority in the following markets: Laredo, Texas; McAllen-Brownsville-Harlingen, Texas; El Paso, Texas; Las Cruces, N.M.; Corpus Christi, Texas; San Antonio, Texas; and Visalia-Tulare-Hanford, Calif.. In addition, Latinos form a plurality in Merced, Calif.; Fresno, Calif; Miami-Ft. Lauderdale, Fla.; and Los Angeles.

there. In 277 of the 298 radio markets, the percentage of Latinos living in the market is greater than the percentage of local radio stations owned by Latinos.

While there is only one Arbitron radio market where African-Americans constitute a majority of the population (Albany, Ga.), the African-American proportion of the population is at or above the nationwide level in all 298 rated markets. However, black-owned stations are present in just a third of these markets. Figure 40 shows the 25 markets with the highest percentages of African-Americans living within each market. Three of these markets have no African-American-owned stations (Meridian, Miss.; Monroe, La.; and Jackson, Tenn.), even though more than a third of the population is African-American.

In the 22 remaining markets, the level of African-American-ownership is up to 12 times below the black proportion of the total population. In 282 of the 298 radio markets, the percentage of African-Americans living in the market is greater than the percentage of local radio stations owned by African-Americans.

Honolulu is the only Arbitron market where Asians constitute a majority of the population, and Asian owners control three of the 31 commercial radio stations there. There are no Asian owners present in 15 of the 34 markets where the Asian proportion of the population is at or above their nationwide level. In 281 of the 298 radio markets, the percentage of Asians living in the market is greater than the percentage of local radio stations owned by Asians.

There are no American Indian or Native Alaskan owners present in 59 of the 61 markets where the American Indian or Native Alaskan proportion of the population is at or above their nationwide level. In 294 of the 298 radio markets, the percentage of American Indian or Native Alaskans living in the market is greater than the percentage of local radio stations owned by this minority group.

There are no Native Hawaiian or Pacific Islander owners present in all 10 of markets where the Native Hawaiian or Pacific Islander proportion of the population is at or above their nationwide level. There are no Native Hawaiian or Pacific Islander-owned stations in the Honolulu Arbitron market.

Stations owned by women are present in just 126 of the 298 U.S. Arbitron radio markets. Women make up the majority of the population in 253 of the 298 U.S. Arbitron radio markets, and are above 46 percent of the population in the remaining 45 markets. However, there are no women owners in 144 of the 253 markets where women comprise a majority of the population.

The Stamford-Norwalk, Conn. market is the only market in the U.S. where women own more than half of the stations, and the only market where the percentage of stations owned by women exceeds the percentage of women living in the market. (Cox Enterprises owns four of the six commercial stations in Stamford-Norwalk, Conn.) In total, women own more than 25 percent of a market's stations in just 18 of the nation's 298 radio markets; they own more than one-third of a market's stations in just six markets.

The National Reach of Female and Minority-Owned Radio Stations

Unlike the TV market, the average minority listener is reasonably likely to live in an area that is served by at least one minority-owned radio station. But there are still many minorities who live in markets that are not served by a minority owner. And far more women live in markets that aren't served by a female-owned station.

Female-owned stations reach 57 percent of all women and 57 percent of all people living in Arbitron-rated markets. However, the average radio market has 18 male-owned stations but only one station owned by a woman.

Minority-owned stations reach 90.9 percent of all minorities living in Arbitron-rated markets, and reach 81.6 percent of all people living in these markets. However, the average radio market has 18 white-owned stations but just two minority-owned stations.

Female- and Minority-Owned Stations Are More Likely to Be AM Stations in Larger Radio Markets

Of the 10,506 total full-power commercial broadcast radio stations, 4,393 are AM stations and 6,113 are FM stations. FM stations are considered to be more valuable properties than AM stations, because FM stations on

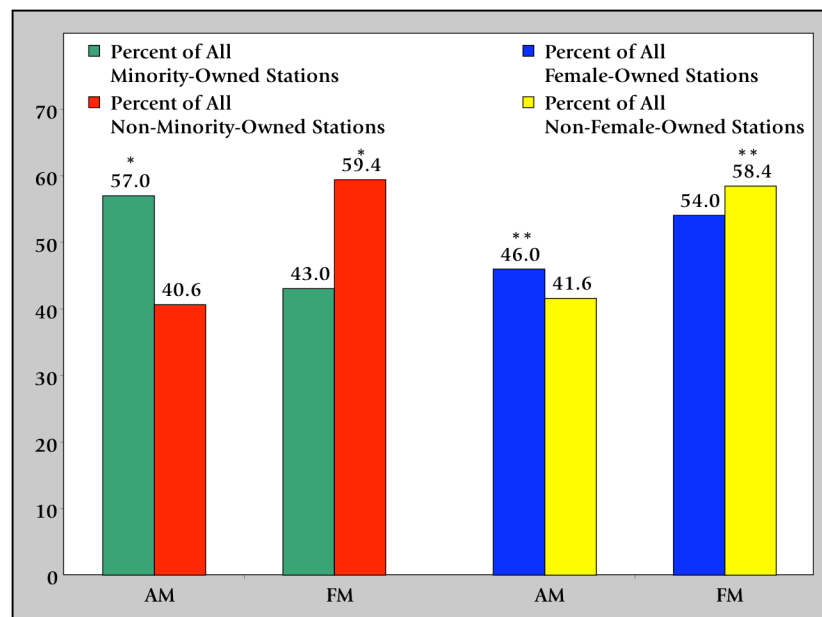
average have larger listening audiences and demographics coveted by advertisers, which translates into higher station revenues.⁴⁹ This is due in part to the fact that the FM format allows for higher quality music broadcasting.

The already low level of female and minority broadcast radio ownership is even lower in the more valuable FM market. Women own an estimated 5.54 percent of all FM stations and 6.63 percent of all AM stations. Minorities own an estimated 5.61 percent of all FM stations and 10.65 percent of all AM stations.

Breaking the numbers down further, African-Americans own an estimated 2.80 percent of all FM stations and 4.35 percent of AM stations. Latinos control 2 percent of FM stations and 4.15 percent of AM stations. American Indian/Alaska Natives own 0.27 percent of the FM stations and 1.73 percent of the AM stations, while Asians control 0.27 percent of the FM stations and 0.33 percent of AM stations.

Nearly six out of every 10 minority-owned radio stations are on the AM dial. This is in contrast to stations not owned by minorities, where six out of every 10 are FM stations. While slightly more than half of all female-owned stations are FM, this is still a significantly lower level than non-female owners, where FM stations account for nearly six out of every 10 stations (see Figure 8).

Figure 8: Ownership of AM and FM Radio Stations By Gender/Race Ethnicity



Source: FCC Form 323 filings; Free Press Research

* difference is statistically significant at $p < 0.001$; ** difference is statistically significant at $p < 0.05$

Women also own a disproportionately high level of stations that are not in Arbitron-rated radio markets. While 39 percent of stations not owned by women are located in unrated markets, 42.4 percent of female-owned stations are located in these smaller, less lucrative areas (see Figure 30).

For minority owners the opposite is true. Nearly eight out of every 10 minority-owned stations are in Arbitron-rated markets. For non-minority owners, six out of every 10 stations are located in rated markets. This is in part driven by demographics: Minorities tend to own stations where the minority population is higher. This tends to be the case in the larger radio markets.

Though a disproportionately high level of women-owned radio stations are in unrated markets, the female-owned stations that are in Arbitron markets tend to be in the larger markets. The average market rank for female-owned station in Arbitron markets is 104.5, significantly higher than rank of the average non-female-

⁴⁹ In our sample, the average audience share for AM stations was 0.48, significantly lower than the 1.77 share for FM stations. The AM stations in our sample had an average annual station revenue of \$649,000 per station, significantly lower than the average for FM stations, which was approximately \$1.8 million per station.

owned stations, which is 116.1. (The largest market, New York, is ranked No. 1; the smallest Arbitron market, Casper, Wyo., is ranked No. 299.)

The same pattern is also seen for the minority-owned radio stations in Arbitron markets. The average market rank for these stations is 83.4, a significantly higher rank than non-minority-owned stations, which average just under 119.⁵⁰

Female and Minority Ownership Is Complementary

One of the recurring themes exhibited in the data generated by this study is that female and minority radio station ownership is complementary on a number of levels. For example, female-owned stations are present in 53.9 percent of the Arbitron markets that have a minority-owned station; by comparison, female-owned stations are only found in 29.9 percent of the markets that do not have minority-owned stations. And the reverse is true as well: Minority-owned stations are found in 65.9 percent of the Arbitron markets that have a female owner, versus just 41.3 percent of the markets that do not have a female owner present.

We also found that the percentage of a station's ownership voting interest held by women is significantly higher at minority-owned stations than it is at non-minority-owned stations. Among the minority-owned stations, the average percentage of votes held by women was over 20 percent, compared to 13.5 percent at stations not owned by people of color.⁵¹ The level of female voting interest control at non-female-owned stations was quite low, just under 9 percent.⁵²

Female- and Minority-Owned Stations: Format Diversity, Market Revenue and Audience Share

Our data indicate there are significant differences in the formats aired by minority and non-minority owners, but not generally among female and non-female owners. This explained by the fact that minority owners are more likely to choose formats that appeal to minority audiences. But these differences have a practical impact on the market status of minority-owned stations, as measured by audience ratings and share of market revenues.

The largest format category aired by minority owners is the Spanish format, accounting for nearly one-third of all minority-owned stations.⁵³ The second and third largest formats at minority-owned stations are the Religion and Urban formats, which respectively account for 17.4 percent and 16.8 percent of minority-owned stations. In total, these three formats are aired on two-thirds of all minority-owned stations but only 15 percent of stations not owned by minorities. The largest format at non-minority-owned stations is the country format, which is aired at a fifth of these stations (see Figure 9).

There is relatively little difference in the formats aired by female-owned stations versus those not owned by women. Both groups have the same top five formats (Country, Adult Contemporary, Religion, News, and Oldies), which account for approximately 60 percent of each group's respective stations.

The difference in formats aired on minority-owned stations is quite stark from those aired on other stations. Among the 20 general station format categories, minority-owned stations were significantly more likely to air

⁵⁰ These results are the exact opposite of those reported by Byerly using the flawed FCC summary reports of Form 323 data. Byerly concluded: "Data show that both women and minority broadcasters serve mainly small-town and rural areas." This error is attributable to both the fact that the Form 323 summaries missed a substantial amount of stations (mostly those owned by larger group owners) and that Byerly used the community of license as the assessment of markets served by women and minority owners, even though the site of the tower is a poor measure of the actual media market. Furthermore, the use of the Form 323 summaries did not enable comparisons with non-minority and non-female stations. (See "Questioning Media Access: Analysis of FCC Women and Minority Ownership Data," Benton Foundation and Social Science Research Council, October 2006.)

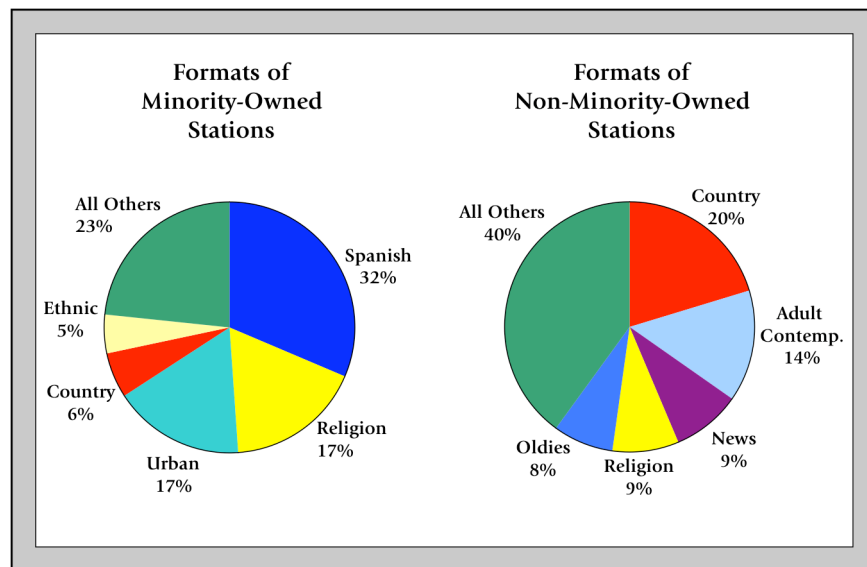
⁵¹ Difference is statistically significant at $p < 0.001$

⁵² The level of female voting interest control at female-owned stations is 82.9 percent. This difference is statistically significant at $p < 0.001$.

⁵³ BIA Media Access Pro lists 20 format categories: Adult Contemporary, Album Oriented Rock/Classic Rock, Classical, Contemporary Hits/Top 40, Country, Easy Listening/Beautiful Music, Ethnic, Jazz/New Age, Middle of the Road, Miscellaneous, News, Nostalgia/Big Band, Oldies, Public/Educational, Religion, Rock, Spanish, Sports, Talk, and Urban. Within each format category, stations can be assigned numerous formats. For example, the "Spanish" format category contains formats such as Mexican, Ranchera, Reggaeton, Spanish, Spanish Adult Contemporary, Tejano, and Tropical.

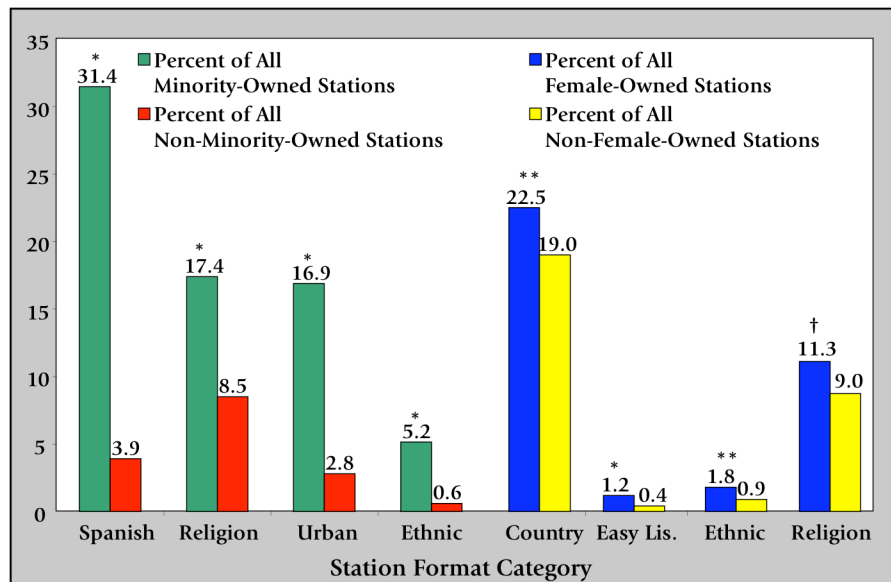
Spanish, Religion, Urban, and Ethnic formats (see Figure 10). And these owners were significantly less likely to air many of the remaining formats, including four out of the five top formats by audience share.⁵⁴

Figure 9: Top Station Format Categories By Race/Ethnicity



Source: FCC Form 323 filings; BLA Financial; Free Press Research

Figure 10:
Formats That Air on a Significantly Higher Proportion of Female and Minority-Owned Stations



Source: FCC Form 323 filings; BLA Financial; Free Press Research

* difference is statistically significant at $p < 0.001$; ** difference is statistically significant at $p < 0.05$

† difference is statistically significant at $p < 0.10$

⁵⁴ The following formats aired on a significantly lower percentage of minority-owned stations as compared to stations not owned by people of color: Adult Contemporary, Album Oriented Rock/Classic Rock, Contemporary Hits/Top 40, Country, News, Nostalgia, Oldies, Rock, Sports(all at $p < 0.001$); Talk (at $p < 0.05$); and Middle of the Road (at $p < 0.10$).

These differences suggest that the race and ethnicity of the owner has a strong effect on the type of formats put on the air. The Spanish, Urban and Ethnic formats are general format categories that cater to racial and ethnic minorities, a smaller demographic than targeted by formats like Top 40 and Rock. Furthermore, the high propensity for minority owners to air religious programming could reflect the fact that people of color, especially African-Americans, attend church far more regularly than non-Hispanic whites.⁵⁵

The decision on what format to air has important financial implications for license holders. To advertisers, it not only matters how many people are listening to a particular station. It matters *who* is listening to these stations. Radio advertisers, depending on the product they are selling, want to reach the coveted 18-34 year olds or 25-54 year olds, who they perceive as more responsive to their ads and more likely to spend money on non-discretionary items. For example, the Urban format stations had the highest audience share among all formats for the 2006 calendar year. However, these station's average share of local market revenue (2004-2005 average) is ranked sixth, 40 percent below the Album Oriented/Classic Rock format, which only ranked fourth in audience share (see Figure 11).

Figure 11: Station Formats by Average Audience and Market Revenue Shares

Format	Average Share of Market Revenue	Format	Average Audience Share
Album Oriented/Classic Rock	8.0	Urban	3.5
Country	7.9	Contemporary Hits	3.3
Contemporary Hits	7.4	Country	3.1
Adult Contemporary	7.1	Album Oriented/Classic Rock	2.8
Rock	5.6	Adult Contemporary	2.7
Urban	4.8	Rock	2.3
Middle of the Road	4.8	Jazz/New Age	2.1
News	4.0	Easy Listening	2.1
Oldies	4.0	Middle of the Road	1.9
Easy Listening	3.3	News	1.8
Jazz/New Age	3.0	Classical	1.8
Talk	2.0	Oldies	1.7
Spanish	2.0	Spanish	1.2
Classical	1.6	Talk	1.0
Sports	1.6	Nostalgia/Big Band	1.0
Nostalgia/Big Band	1.5	Sports	0.7
Miscellaneous	1.1	Religion	0.6
Religion	1.0	Miscellaneous	0.5
Ethnic	0.7	Ethnic	0.3

Source: FCC Form 323 filings; BLA Financial; Free Press Research

⁵⁵ See The Association of Religion Data Archives, "General Social Survey 2004". Available at <http://www.thearda.com/Archive/Files/Descriptions/GSS2004.asp>. This survey indicated that 18.5 percent of whites reported never attending church, while only 8.5 percent of African-Americans and 14.1 percent of "other" races reported never attending church.

PART II - TELEVISION

There are currently 1,349 full-power commercial television stations in the United States. Sixty-seven — or 4.97 percent — of the stations are owned by women.

Forty-four of the 1,349 stations, or 3.26 percent, are minority-owned. Of these stations, 18 have black or African-American owners, accounting for 1.33 percent of all stations. Nine of these stations were controlled by a single entity, Granite Broadcasting. Hispanic or Latino owners controlled 15 stations, or 1.11 percent of the total. American Indian or Alaska Native owners control five stations, or 0.37 percent, while Asian owners control six stations, or 0.44 percent. There are no stations in the United States owned by Native Hawaiian or Pacific Islanders (see Figure 12).

**Figure 12: Full-Power Commercial Television Ownership
By Gender & Race/Ethnicity**

Category	Owner	Number of Stations	Percent of All Commercial Full Power TV Stations
Gender	Female	67	4.97
	Male	948	70.27
	No Controlling Interest	327	24.24
	Unknown	7	0.52
Race/Ethnicity	Amer. Ind./AK Nat.	5	0.37
	Asian	6	0.44
	Black or Afric. Amer.	18	1.33
	Hispanic or Latino	15	1.11
	Nat. Haw/Pac. Isl.	0	0.00
	All Minority	44	3.26
	White	1,033	76.58
	No Controlling Interest	264	19.57
	Unknown	8	0.59
	Total Universe	1,349	

Source: Form 323 filings; Free Press research

By comparison, non-Hispanic White owners controlled 1,033 stations, or 76.6 percent of the total stations. The bulk of the remaining stations were owned by entities with no single race/ethnicity accounting for greater than 50 percent of the voting interest (or where the proper information was not given). In most cases, the 264 stations designated as having “no controlling interest” are owned by large publicly traded corporations such as Clear Channel, whose voting stock is disbursed among a wide population of shareholders.

Seven stations, or 0.52 percent, are controlled by entities whose race/ethnicity and gender status could not be determined, and an additional station (WATM-TV) is controlled by an owner whose race/ethnicity status could not be determined.

There were 264 stations with “no controlling interest” held by a single race, or 19.6 percent of all stations. But only one of these 264 stations — Atlanta’s WTBS, which is owned by Time Warner — has a minority CEO. There were 327 stations with “no controlling interest” by gender, or 24.24% of all stations. Of these 327 stations, only two stations (KJNP and WEHT) have a female CEO or president.

Women make up half of the U.S. population, yet own less than one twentieth of the full-power commercial television stations. Minorities account for nearly 33 percent of the U.S. population but own just 3 percent of the television stations.

Historical Comparison: Minority Ownership of Full-Power Commercial TV Stations Has Decreased Since 1998

This study represents the first complete census of all licensed full-power commercial broadcast television stations operating in the United States. There was one other attempt to ascertain the level of female broadcast TV ownership, a 1982 study commissioned by the FCC.⁵⁶ However, that study determined the gender ownership for just a sample of stations, not the full universe.

Since 1990, the National Telecommunications and Information Administration (NTIA) has administered the Minority Telecommunications Development Program (MTDP), a program first initiated during the Carter administration to increase minority ownership of radio and television broadcasting stations as well as other telecommunications businesses. From 1990 to 2000, the NTIA released several reports that estimated the total number of minority-owned radio and television stations.

The agency has not conducted any further research into this matter since their last report was issued in December 2000, and officials have indicated that they do not intend to issue any further reports. When asked about plans for future studies by the National Association of Hispanic Journalists, the NTIA directed the group to the flawed FCC summaries of Form 323 data.⁵⁷

Because of the differing methodologies, direct comparisons between this study and earlier NTIA reports are not valid. At the time NTIA conducted its studies, it did not have the full ownership information that is now available from individual Form 323 filings. To compile their list of minority-owners, the NTIA relied on word of mouth and membership information from various minority broadcast trade associations. While this effort provided a fairly complete assessment of minority broadcast ownership, it was not a full census of all broadcast stations. The agency has indicated that its results were not comprehensive, and that future work based on Form 323 filings would provide a more complete picture of minority ownership.⁵⁸

Using the NTIA's 1998 list, the list of current minority owners, ownership information from the FCC and interviews with station representatives, Free Press identified nine stations that were missed by the NTIA in its 1998 report, for a total of 40 stations. A similar effort was applied to correct the 2000 NTIA report, but it was less precise because the NTIA omitted the names of minority-owned stations and owners in that survey. However, Free Press did identify 35 total stations that were minority-owned in 2000 (see Figure 9). While these corrected data provide a more complete assessment of the historical trend in minority television ownership, they do not represent a rigorous census of all stations.

However, these data clearly show there has been no improvement in the level of minority broadcast television ownership since 1998, despite the fact that the total universe of stations has increased by approximately 12 percent. Furthermore, there has been a marked decrease in the total number of black or African-American owned stations — dropping nearly 30 percent since 1998.

⁵⁶ "Female Ownership of Broadcast Stations," prepared for the Federal Communications Commission by ELRA Group Inc., May 1982.

⁵⁷ Letter from NTIA to Ms. Veronica Villafane, President, National Association of Hispanic Journalists, April 27, 2006. Available at <http://www.nahj.org/nahjnews/articles/2006/april/NTIAResponseLetter.pdf>. "Presently, NTIA has no plans to conduct a minority ownership study. You may find of interest, however, data on female and minority ownership from the Federal Communications Commission's ownership reports filed in calendar year 2003. The data are available on the Commission's website. ..."

⁵⁸ See the 2000 NTIA report, which states: "MTDP acknowledges that despite its best efforts, non-sampling error likely occurred because of an inability to identify all of the nation's minority commercial broadcasters. Such error may be reduced in the future as a result of the FCC's recent requirement that owners disclose on their biennial reports information about the participation of minorities and women in station ownership. ... In establishing the requirement, the Commission noted the difficulty NTIA faces in obtaining complete and accurate information from broadcast owners. It concluded that NTIA's data would complement, but not substitute for, information the Commission gathered, because as the licensing authority, it is 'appropriately and uniquely situated to collect information on the gender and race of the attributable interests of its licensees.'"

**Figure 13: Minority Full-Power Commercial Television Ownership Since 1998
By Gender & Race/Ethnicity**

	Historical Data for 50 U.S. States & DC				Current Ownership Summary for 50 U.S. States & DC	
Race/Ethnicity	Corrected 1998 NTIA Data		Corrected 2000 NTIA Data		2006 Free Press Census	
	Number of Stations	Percent of All Commercial Full Power TV Stations	Number of Stations	Percent of All Commercial Full Power TV Stations	Number of Stations	Percent of All Commercial Full Power TV Stations
Amer. Ind./AK Nat.	2	0.17	3	0.23	5	0.37
Asian	3	0.25	3	0.23	6	0.44
Black	25	2.07	21	1.63	18	1.33
Hispanic or Latino	10	0.83	8	0.62	15	1.11
Nat. Haw/Pac. Isl.	0	0.00	0	0.00	0	0.00
All Minority	40	3.31	35	2.72	44	3.26
White	n/a		n/a		1,033	76.58
No Controlling Interest	n/a		n/a		264	19.57
Unknown	n/a		n/a		8	0.59
Total Universe	1,209		1,288		1,349	

Source: Form 323 Filings; NTIA; Free Press research

Tracking Ownership: FCC Rules Changes Led to the Sale of Minority-Owned Stations

Using the corrected list of minority-owned TV stations from the 1998 NTIA report, Free Press tracked the ownership of the 40 stations that were minority owned as of that year, investigating the effects of two key policy changes that occurred in the late 1990's: the increase in the national ownership cap from 25 percent to 35 percent and the 1999 FCC Order that allowed local television duopolies. Free Press identified 17 minority-owned stations that were sold to non-minority owners after 1998. Nine of these seventeen sales would not have been permitted under the old national ownership cap and duopoly rules (see Figure 14).⁵⁹ Had these stations not been sold, minority ownership would be 20 percent higher than the current level. Furthermore, 7 of the 8 station sales that would have been permissible under the old national cap and duopoly rules were sales to large station group owners, and may not have occurred if not for the pressures of increased industry consolidation.

Granite Broadcasting, the largest minority station owner in 1998 (and today) controlled 10 stations in 1998. Since then, the company has sold three stations (KNTV to NBC-Universal in 2002; KEYE to CBS in 1999, and WPTA to Malara Broadcasting in 2005) and acquired two stations (KRII in 2000, and WISE in 2005).⁶⁰ Granite could not have sold its stations to NBC and CBS under the national ownership cap limits that were in effect prior to 1996. Furthermore, the sale of California's KNTV would have been prohibited before the FCC allowed market duopolies in 1999, as NBC also owns the local Telemundo affiliate KSTS in the Bay Area.

African-American-owned Roberts Broadcasting controlled four stations in 1998. Two of these stations were sold to Paxson (WHPX and KUPX, both in 1999) in deals that would not have been permitted under pre-1996 national ownership caps. The other two stations owned by Roberts Broadcasting in 1998 (KTVJ and WHSL, now KTFD and WRBU) remain partially owned by the company, but Univision now holds a 50 percent interest in each of these stations and controls all aspects of their day-to-day operations. The Roberts brothers have since acquired two new station licenses (by constructing new stations), WZRB in Columbia South Carolina, and WRBJ in Jackson Mississippi. These are the only two African American owned stations in the South.

⁵⁹ 22 of the 40 minority-owned stations (in 1998) have changed owners since 1998. In addition to the 17 stations listed above, one was sold by a Latino to a Latino (KRCA), one was sold by a Latino to a Latino-owned company that later became non-Latino majority controlled (KLDO sold by Panorama to Entravision), two were held by companies that later became non-minority controlled (KTMW and KSMS), and one station's status could not be determined (there is no record in the CDBS of Albuquerque station KDB-TV). KTVJ and WHSL are only partial station sales, as Roberts Broadcasting retained 50% of the voting interest in these two stations. Since 1998, there has been a loss of 22 minority owned stations and a gain of 26 minority owned stations.

⁶⁰ In addition, Granite is currently in the process of acquiring Binghamton New York CBS station WBNG, and selling San Francisco WB station KBWB, thus the current station count for Granite is nine, reflecting ownership as of August 3rd, and after these station sales close.

**Figure 14: Sales of Minority Full-Power Commercial Television Stations:
Stations that were Minority Owned in 1998**

Station	Owner in 1998	Race/Ethnicity	Year of Sale	Purchaser	Would have Been Permitted under 25% Cap?	Would have Been Permitted under Duopoly Ban?
KCMY	Ponce-Nicasio	Hispanic/Latino	2000	Paxson	No	Yes
KEYE	Granite Broadcasting	African American	1999	CBS	No	No
KLTV	TV 3 INC.	African American	2000	Cosmos (Raycom)	Yes	Yes
KNTV	Granite Broadcasting	African American	2002	NBC Universal	No	No
KPST	Golden Link TV Inc.	African American	2002	Univision	Yes	No
KTRE	TV 3 INC.	African American	2000	Cosmos (Raycom)	Yes	Yes
KTJV	Roberts Broadcasting	African American	2003	Univision	Yes	Yes
KUPX	Roberts Broadcasting	African American	1999	Paxson	No	Yes
WATL	Qwest	African American	2000	Tribune	No	Yes
WGTW	Brunson Comm.	African American	2004	Trinity Broadcasting	Yes	Yes
WHPX	Roberts Broadcasting	African American	1999	Paxson	No	Yes
WHSN	Roberts Broadcasting	African American	2003	Univision	Yes	Yes
WLBT	TV 3 INC.	African American	2000	Cosmos (Raycom)	Yes	Yes
WNOL	Qwest	African American	2000	Tribune	No	No
WPTA	Granite Broadcasting	African American	2005	Malara	Yes	Yes
WPTT	WPTT Inc.	African American	2000	Sinclair	Yes	No
WTMW	Urban Broadcasting Corp	African American	2002	Univision	Yes	Yes

Source: Form 323 Filings; NTIA; Free Press research

Quincy Jones, the legendary African-American music producer, owned two stations in 1998 — WATL in Atlanta and WNOL-TV in New Orleans. In 1999, the Tribune Company purchased both of Jones' stations as a part of their merger with Mr. Jones' company, Qwest. These sales wouldn't have been allowed under the pre-1996 ownership limits. And WNOL could not have been sold under the pre-1999 duopoly rules, as Tribune also owns the New Orleans ABC affiliate, WGNO-TV.⁶¹

In 1998, WGTW was the only station in the country owned by an African-American woman, Dorothy Brunson, who acquired the station license in 1988 after winning the license of failed station WKBS-TV at auction. But by 2004, Brunson found it difficult to acquire syndicated programming and sold the station to Trinity Broadcasting.⁶²

Other minority-owned stations were sold to large conglomerates due in part to FCC rule changes that allowed for increased consolidation. Pittsburgh station WPMY (formerly WPPT) was sold to Sinclair by African-American owner Eddie Edwards in 2000, after the FCC allowed duopolies. (Sinclair also owns the local Fox affiliate WPGH-TV.). Another African-American owner, Eddie Whitehead sold KPST (now KFSF) in 2001 to Univision, creating a duopoly in San Jose. Carmen Briggs, a Latino woman, sold KCMY (now KSPX) to Paxson in June 2000 in a deal that exceeded the pre-1996 national ownership limits.

But perhaps the most notable loss of a minority-owned station since 1998 was Jackson Mississippi's WLBT and two other stations owned by Frank Melton, KTRE and KLTV. WLBT is one of only two stations to have had its license revoked by the FCC. WLBT violated the Fairness Doctrine via its flagrant, pro-segregationist activities in the 1950s and 1960s — which included selling airtime to the Klu Klux Klan. After being stripped of its license in 1971, WLBT came under the control of the African-American-owned group Communications Improvement, which sold the station in 1980 to TV3 Inc., a group owned by Melton, an African-American. Melton helped improve the station's news operations and took over first place in the ratings. However, by 2000, Melton felt he could no longer compete with the large corporate station owners for programming and advertising revenue, and sold all three stations to Cosmos Broadcasting, now called Raycom Media, the 14th-largest broadcast owner in the nation.⁶³

⁶¹ Michael Schneider "Tribune to Acquire Qwest, Creating Big Easy Duopoly", *Daily Variety*, November 10, 1999.

⁶² "Changing Hands", *Broadcasting and Cable*, August 30, 2004.

⁶³ Kay Mills, "Changing Channels: The Civil Rights Case That Transformed Television", *Prologue Magazine*, Vol. 36, No. 3, Fall 2004.

The case of WLBT and the other minority-owned stations put up for sale makes it clear that increased consolidation has a measurable effect on minority ownership. Small-station owners find it increasingly difficult to compete against large companies in the acquisition of both programming and advertising clients. Too many station owners find the financial pressures of consolidation too hard to resist.

Minority-Owned Stations Can Thrive in Less Concentrated Markets

Minority-owned stations tend to be, on average, in the larger (by both number of stations and population) television markets, or Designated Market Areas.⁶⁴ Given that the larger markets tend to be less concentrated, it is not surprising that markets with minority owned stations are less concentrated than those without these stations.⁶⁵

But even if the size of the market and the level of minority population in the market is held constant, markets with minority owners are *significantly* less concentrated than markets without minority owners.⁶⁶ And when these factors are held constant, markets with a minority-owned VHF station airing local news are also *significantly* less concentrated than markets without a minority-owned VHF station airing local news.⁶⁷

Furthermore, when market size and level of minority population is held constant, the markets that saw the addition of new minority owned stations since 1998 are *significantly* less concentrated than markets that did not gain new minority owners.⁶⁸

Another way of examining this issue is to look at the probability that an individual station will be minority owned, given the particular characteristics of each market or station. Under this analytical frame, we still find that even when holding market and station characteristics constant, as a market becomes more concentrated, a station is significantly less likely to be minority-owned or be a minority-owned station that airs local news. Similarly, holding market characteristics constant, as a market becomes more concentrated, the probability that a particular market will have a minority-owned station, a minority-owned news station, or have added a minority-owned station since 1998, are all significantly lower (see Appendix B).⁶⁹

These findings are extremely important, for they imply that minority-owners thrive in more competitive markets, regardless of market or station characteristics. Even more important, minority production of local news is more likely to occur in a competitive market versus markets with less competition, regardless of market or station characteristics.

These findings have tremendous implications for the current ownership proceeding at the FCC. One unambiguous consequence of further industry consolidation and concentration will be to diminish both the number of minority-owned stations and the already low number of minority-owned stations airing local news content. The FCC should seriously consider the effects on minority owners and viewers before it moves to enact policies that will lead to increased market concentration.

⁶⁴ The simple pairwise correlation between DMA rank (lowest number being the highest ranked) and the presence of a minority-owned station is highly significant, and shows that the rank of a market with a minority-owned station is on average 71, versus 112 for a station without a minority owner.

⁶⁵ HHI, or the Herfindahl-Hirschman Index, is a measure of the amount of competition within a market, in this case the local broadcast TV market. The higher the HHI, the more concentrated the market. Markets with a minority owner present have a total day HHI of 2511 versus 3800 for markets without a minority owner. This is statistically significant at a p-value of less than 0.0005. The DOJ considers markets with HHIs over 1,800 to be highly concentrated. Of the 210 DMA's, 202 have HHIs above 1,800 (the mean HHI is nearly 3,579, with the median value at 2,900). As expected, the largest markets have HHI's lower than the smaller markets, but even the largest markets remain highly concentrated (the mean and median HHI for the top ten markets is 1,958 and 1,926 respectively; the mean and median HHI for the top 50 markets is 2,236 and 2,289 respectively; for the bottom 50 markets the values are 5,710 and 5,226 respectively).

⁶⁶ See Appendix B for details.

⁶⁷ See Appendix B for details.

⁶⁸ In total, there was a loss of 22 minority owned stations since 1998, and a gain of 26. See Appendix B for details.

⁶⁹ These results are very robust to model specification type. See Appendix B for details.

Indeed, as shown above, previous pro-consolidation policies enacted by the FCC in the late 1990's had a significant impact on minority ownership, indirectly or directly contributing to a loss of 40 percent of the stations that were minority owned as of 1998.

Ownership Concentration: Female and Minority Owners Control Fewer Stations per Owner than Male and White Owners

White male and large corporate station owners tend to own far more stations than their minority and female counterparts. The average number of stations owned per unique non-minority owner is 5.4, while male owners controlled an average of 4.8 stations each. However, the average number of stations owned per unique owner is 1.9 for minorities and 2.3 for women.

While the average number of stations owned by a unique minority owner is 1.9, for Latinos it is even lower (see Figure 13). This reflects the fact that the largest Latino group owner controls just three stations, compared with the largest white male group owner, Ion (formerly Paxson), which controls 57 stations. There are a total of 269 unique owners, and 140 of these control more than one station. Over 54 percent of white male owners control more than one station, compared to 32 percent of minority owners (see Figure 16).

These differences have a practical importance on several levels. First, given that the median minority or female owner controls just a single station, these operations are more likely to better serve their local communities than stations controlled by large group owners. This is confirmed by a recently surfaced 2004 FCC study which demonstrated that locally owned and operated stations aired more local news content than their conglomerate counterparts, devoting an additional 20 to 25% of each half hour broadcast to local news coverage.⁷⁰ Second, minority and female station owners are more likely than their white male counterparts to feel the negative effects of increased consolidation. Women and minority owners will find it more difficult to compete with the large group owners for programming and advertising dollars.

Figure 15: Ownership Concentration
Number of Stations Owned per Unique Owner by Race/Ethnicity

Group	Average Number of Stations Owned per Unique Owner	Median Number of Stations Owned per Unique Owner
Amer. Ind./AK Nat.	1.7	1
Asian	2.0	1
Black or African	2.3	1
Hispanic or Latino	1.3	1
All Minorities	1.9	1
White	4.8	2
Male	4.8	2
Female	2.3	1
White Male	5.2	2

Source: Form 323 Filings; Free Press Research

⁷⁰ "Do Local Owners Deliver More Localism? Some Evidence from Local Broadcast News", a Federal Communications Commission Working Paper, June 17 2004.

Figure 16: Ownership Concentration
Unique Owners Controlling Multiple Stations by Race/Ethnicity

Race/Ethnicity	Gender	Number of Unique Owners Owning Just One Station	Percentage of Unique Owners Owning Just One Station	Number of Unique Owners Owning Multiple Stations	Percentage of Unique Owners Owning Multiple Stations
Amer. Ind./ AK Nat.	Male	1	50.0	1	50.0
	Female	1	100	0	0.0
	All	2	66.7	1	33.3
Asian	Male	2	100	0	0.0
	Female	0	0.0	1	100
	All	2	66.7	1	33.3
Black or African Amer.	Male	4	57.1	3	42.9
	Female	1	100	0	0.0
	All	5	62.5	3	37.5
Hispanic or Latino	Male	6	66.7	3	33.3
	Female	1	100	0	0.0
	All	8	72.7	3	27.3
All Minorities	Male	13	65.0	7	35.0
	Female	3	75.0	1	25.0
	All	17	68.0	8	32.0
White	Male	83	45.6	99	54.4
	Female	16	57.1	12	42.9
	All	105	47.3	117	52.7
All	Male	97	47.8	106	52.2
	Female	19	59.4	13	40.6
	All	129	48.0	140	52.0

Source: Form 323 Filings; Free Press research

Ownership, Network Affiliation and Local News Production

The stations affiliated with the so-called “big four” networks — ABC, CBS, NBC and Fox — are consistently the top-rated stations in each market and are usually found on the lucrative VHF portion of the dial. These stations also produce the highest-rated local news content and thus command most of the local advertising revenue. Nearly 92 percent of VHF stations air local news content, compared to 47 percent of UHF stations. And over 96 percent of big-four affiliated VHF stations air local news content, compared to 81 percent of big-four-affiliated UHF stations.

Ownership of a big-four-affiliated station almost certainly guarantees a significant audience share and a news operation. However, minorities own just 13 of the 847 big-four-affiliated stations, or 1.5 percent (and just 1.3 percent of the big-four-affiliated VHF stations).

The difference in ownership patterns is stark when comparing the types of stations owned by minorities and non-minorities. Of the 1,305 non-minority owned stations, 834 are big four affiliated, or 64 percent. However, only 13 of the 44 minority-owned stations are affiliated with the big four networks, or 29.5 percent.

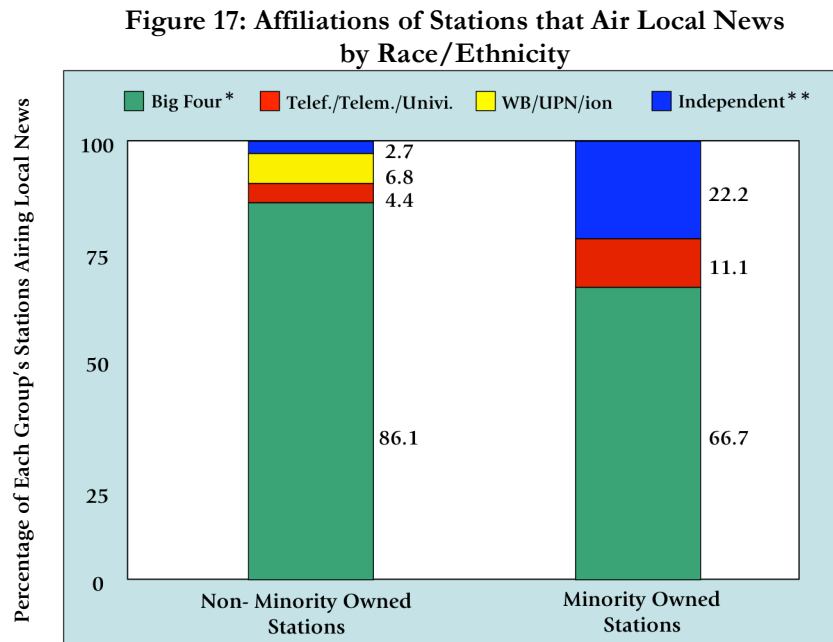
But the situation is reversed for independent stations unaffiliated with a big four network, the secondary English-language networks UPN, WB (and their successors CW and MYNTV) and Ion, or the Spanish-Language networks Telefutera, Telemundo and Univision. Just 161 of the 1,305 non-minority owned stations are independent, or 12.3 percent. However, 18 of the 41 minority-owned stations are independent, or 41 percent.

The fact that minority owners control so few big-four stations suggests that the percentage of minority-owned stations airing local news is likely to be lower than their non-minority counterparts. This is true: 41 percent of minority-owned stations air local news versus 67 percent of non-minority owned stations.

But that's not the whole story. Minority-owned big four stations are just as likely to air local news as their non-minority owned counterparts (92 versus 90 percent). Two-thirds of the minority-owned Spanish-language-network-affiliated stations air local news, versus half of the non-minority owned Spanish-language-network

affiliates. And over 23 percent of the minority-owned independent stations air local news versus just 15 percent of the non-minority-owned independent stations. These data indicate that minority owners are just as capable of serving their local communities as their non-minority counterparts.

Another way to illustrate this point is to examine the 892 full-power commercial television stations that air local news. Of the 874 non-minority owned stations that air local news, only 24 are independent stations, or just 2.7 percent. However, 22 percent of the minority-owned stations that air local news are independent stations (see Figure 17). This difference is statistically significant, despite the relatively small number of independent minority-owned stations. So even though minority owners are largely kept out of the lucrative big four affiliated market, they still manage to produce local news content at levels higher than non-minority independent station owners.



Source: Form 323 filings; Free Press research

Minority Ownership of TV Stations is Low Even in Markets with Large Minority Populations

Because full-power broadcast television stations are geographically limited in their market reach, information about minority ownership at the local level is more telling than the national aggregate. The traditional geographic boundary used for analysis of television markets at the local level is the Designated Market Area, or DMA.

Like ownership at the national level, minorities are vastly underrepresented at the DMA level, even in areas where minorities are the majority. Minority-owned stations are present in 36 of the nation's 210 DMAs. Examination of individual race/ethnic groups shows very little overlap between minority-owned stations. American Indian or Alaska Native-owned stations are in four of the 210 DMAs. Asian-owned stations are present in six of the 210 DMAs. Black- or African-American owned stations are in 17 of the 210 DMAs, while Hispanic- or Latino-owned stations are present in 10 of the nation's 210 DMAs. Non-minority owned stations are present in every single DMA.

DMA coverage is slightly better for women-owners, but still far below that of men. Female-owned stations were present in 51 of the nation's 210 DMAs.

In 18 DMAs minorities make up the majority of the population living within the market. However seven of these DMAs have no minority-owned stations. The remaining 11 minority-majority populated DMAs all have very low

levels of minority-ownership, some 3 to 10 times below the level of minority population living within each market (see Figure 18).

**Figure 18: Television Markets Where Minorities
Constitute a Majority of the Population**

Designated Market Area (DMA)	Percent Minority Population	Percent Minority-Owned Full-Power Commercial TV Stations
Laredo, TX	96	0.0
Harlingen-Wslco-Brnsvl-McA, TX	90	20.0
El Paso, TX (Las Cruces)	82	14.3
Yuma, AZ-El Centro	69	0.0
Miami-Ft. Lauderdale	67	15.3
Greenwood-Greenville, MS	65	0.0
Corpus Christi, TX	64	0.0
Los Angeles	62	18.2
Honolulu	62	4.3
San Antonio, TX	60	9.1
Fresno-Visalia, CA	59	10.0
Albuquerque-Santa Fe	58	4.8
San Francisco-Oakland	56	5.9
Houston, TX	53	7.1
Bakersfield, CA	52	0.0
Monterey-Salinas, CA	51	0.0
Jackson, MS	50	14.3
Palm Springs, CA	50	0.0

Source: Form 323 Filings; BIA Financial; Free Press Research

Hispanics or Latinos are the only minority group that formed a plurality or majority of the population within a sizeable number of DMAs. Only six of the 16 markets with a plurality or majority of the population made up of Latinos had stations owned by Latinos. However, even in these six markets, the level of Hispanic or Latino-ownership was 3 to 8 times below the proportion of the Latino population living there.

While there is only one DMA where African-Americans constitute a majority of the population (Greenwood-Greenville, MS), there are 59 markets where the African-American proportion of the population is at or above the nationwide level. However, black-owned stations are present in just five of these 59 markets. Figure 20 shows the 10 markets with the highest percentages of African Americans living within each market. Only one of these markets contains an African American-owned station, WRBJ in Jackson Mississippi.

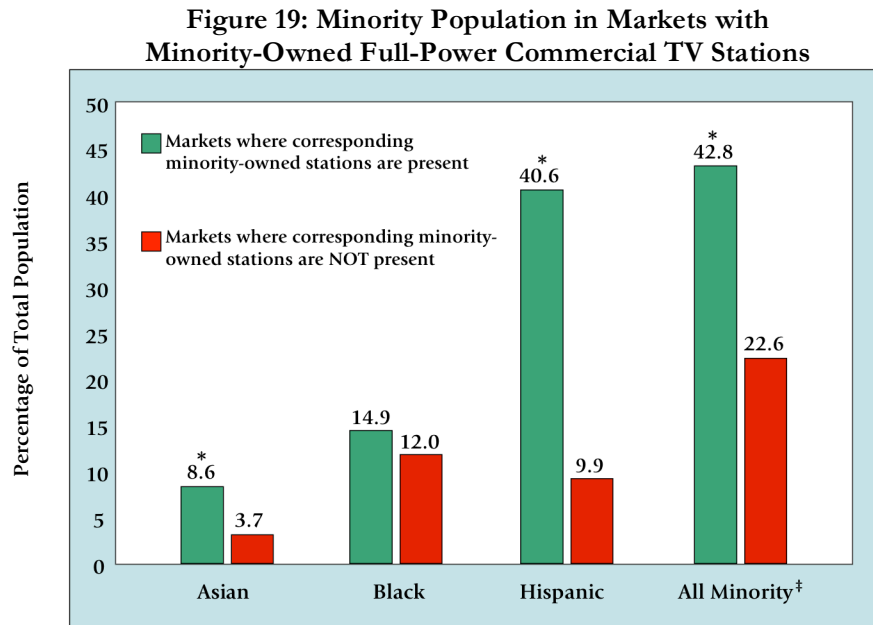
There are no African-American-owned full power commercial TV stations in many cities with considerable African-American populations, such as Atlanta, New Orleans, New York City and Washington, D.C. Other than Jackson, Mississippi, Detroit is the only city with a large African-American population that has a black-owned TV station. This station is owned by Granite and may change hands by the end of the year.

Honolulu is the only DMA where Asians constitute a majority of the population, and there is one Asian-owned station in this market. In the 17 markets where the Asian proportion of the population is at or above its nationwide level, there are only 2 Asian-owned stations.

Data for American Indian or Alaska Native population was not available at the DMA level. However, there are no American Indian/Alaska Native owners in the states with the highest American Indian and Alaska Native populations (New Mexico and Alaska). Three of the five American Indian/Alaska Native-owned stations are located in Oklahoma and owned by David Griffin, a broadcaster whose family has operated KWTW since 1953. The other two are in the Seattle and Buffalo, New York markets (KHCV and WNYB).

Hispanic-Owned TV Stations Are Located in Markets With Large Hispanic Populations But Black-Owned Stations Are Not

Though there are several markets with high Hispanic and Latino populations have no Latino-owned stations, Hispanic or Latino-owned stations are more likely to be in markets with higher levels of Latino population. This phenomenon is also true for Asian-owned stations, driven primarily by the single Asian-owned station in Hawaii (see Figure 19).⁷¹



Source: Form 323 filings; BIA Financial; Free Press Research; population data for American Indian/Alaska Native at DMA-level was not available

[‡] = this category only encompasses the race/ethnicities shown in this figure

However, black-owned stations are not more likely to be in markets with bigger African-American populations. These findings suggest that language, particularly Spanish, is an important factor underlying ownership. These findings also suggest that due to difficulties with capital access and other institutional barriers to ownership, African-American owners may be purchasing stations where they can — in certain smaller, less lucrative Midwestern markets. However, perhaps due to the legacy of racism in the South, African-American owners haven't been able to operate in the smaller Southern markets. While having African-American owners anywhere is desirable, it is troubling that African-American owners do not operate in African-American communities, where they would add a valuable perspective to the coverage of local news and community affairs.

The National Reach of Minority-Owned Stations

Another way to look into the connection between minority-owned stations and minority audiences is to determine the national reach of minority-owned stations — that is, how many minority households are living where there is a minority-owned station? As mentioned above, minority-owned stations are present in 36 of the nation's 210 DMAs. These stations reach approximately 21 percent of all U.S. TV households, but just 30 percent of all minority TV households. To contrast, non-minority owned stations reach over 98 percent of all U.S. TV households.

⁷¹ These data were calculated using 210 observations, one for each DMA. Each DMA was scored for the presence of a minority-owned station, an American Indian/Alaska Native-owned station, an Asian-owned station, and a black or African American-owned station. When calculating the population percentages, each market was weighted by the total population within each market, though the figures are not very different (and remain significant) without weighting.

These figures were calculated using the FCC's UHF discount rule, which attributes just half of a market's audience to UHF stations. Without the UHF discount, minority-owned stations reach 38 percent of all U.S. TV households and 54 percent of all minority TV households, while non-minority owned stations reach 100 percent of U.S. TV homes.

Perhaps more telling is the percentage of each minority group reached by each associated minority-owned station group. Under the UHF discount, Asian-owned stations reach only 10 percent of U.S. Asian TV households, while African American-owned stations reach just 8.7 percent of African American TV households. Latinos fare better than other minorities in this measure (primarily due to the Los Angeles market), with Latino-owned stations reaching 21.8 percent of all Latino TV households.

These findings provide greater context to the overall national ownership numbers. Not only is minority ownership low, but minority owners are reaching just a small portion of the minority audience. It is quite troubling that up to 91 percent of African-American households are not served by an African-American broadcaster. Even more troubling is the potential outcome of media consolidation on these few minority-owned stations. If just a handful were lost to consolidation, these already anemic numbers would fall even further.

Conclusions and Recommendations

As the FCC goes back to the drawing board to reconsider media ownership rules, it must pay close attention to the Third Circuit's strong language regarding the Commission's failure to adequately justify its rule changes in regards to female and minority ownership. It is not sound policymaking to assert that diversity, localism and female/minority ownership are important goals, but then ignore the effects that rule changes have on these goals. Furthermore, it is a failure of responsibility to gather valuable information on ownership but then do nothing with the data. And it is inexcusable to continue to release data summaries the Commission knows to be flawed.

The finding of this study is a crucial first step toward understanding the true state of female and minority broadcast ownership and the effects of FCC policy on these owners. But more work needs to be completed, such as longitudinal studies examining the changes produced by the 1996 Telecommunications Act. The Commission should conduct this work and pay close attention to the changes in ownership over time.

The results of our study demonstrate that *any* policy changes that allow for increased concentration in television and radio markets will certainly decrease the already low number of female- and minority-owned broadcast stations. Enacting regulations that lead to such outcomes directly contradicts the Commission's statutory and legal obligations under the 1996 Telecommunications Act. Instead, the Commission should consider pro-active policies that protect and promote female and minority ownership.

It is important to note that the effects of other policies aimed at increasing female and minority broadcast ownership — such as tax credits, relaxed equity/debt attribution rules, incubator programs, or digital channel leasing — will be negligible in an environment of increased market consolidation at the local level.

The Commission needs to think hard about the damages brought about by the misguided policies of the late 1990s, which radically increased market concentration. In the radio sector alone, it is hard for a new entrant to get into the business by purchasing a single station. The realities of the consolidated marketplace mean that owners must control multiple stations in multiple markets to realize the economies of scale that are needed to prosper. But these economies of scale are artificial creations based on poor public policy decisions. The FCC has a social responsibility to restore an environment that rewards localism and dedication to community service.

Appendix A: Market Concentration and Female and Minority Radio Station Ownership

To examine the relationship between minority-ownership of full-power commercial radio stations and radio market concentration, several econometric models were constructed. We chose to treat minority or female station ownership as a *dependent* variable, and examine the *probability* that a given station (or market) will be minority- or female-owned (or contain a minority- or female-owned station) given the characteristics of a market, including the market concentration.

These probability models are generally specified as:

$$femownsta = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{AM})_i + \epsilon_i$$

$$\text{minownsta} = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{AM})_i + \epsilon_i$$

$$femownmkt = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{minownmkt})_i + \epsilon_i$$

$$\text{minownmkt} = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{femownmkt})_i + \epsilon_i$$

Where

femownsta = dummy variable for a female-owned station.

minownsta = dummy variable for a minority-owned station.

femownmkt = dummy variable for a market with a female-owned station.

minownmkt = dummy variable for a market with a minority-owned station.

concentration = One of three variables, each measured in separate equations

HHIshare = the HHI for a particular market, based upon station audience share.

HHIrev = the HHI for a particular market, based upon an owner's share of market revenue

stationratio = the number of commercial stations in a market divided by the number of unique owners in that market

mktpop = the total population living in the Arbitron market.

pctminor = the percentage of a market's population that is of minority racial or ethnic status.

pctfem = the percentage of a market's population that are women.

AM = dummy variable for an AM station

Each probability model was investigated using Probit models with robust standard errors.

The results are presented below in Figures A1-A12. These results generally suggest that the probability that a given radio station is minority-owned, or female-owned, is significantly lower in more concentrated markets, even if market and station characteristics are held constant. This result is also seen when examining the probability that a *market* will have a minority-owned radio station or a female-owned radio station. Furthermore, the presence of a minority-owned station in a market increases the probability that a particular market will also have a female-owned station.

Figure A1:

Dependent Variable = station owned by a minority (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.0851 (0.050)**
Total Market Population	5.26 x 10 ⁹ (0.507)
Percent Minority Population in Market	0.0224 (0.000)***
Percent Female Population in Market	0.0247 (0.371)
AM Station	0.3915 (0.000)***
constant	-3.2589 (0.021)**
N = 6381	pseudo-R ² = 0.0097

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; BLA Financial; Free Press Research

Figure A2:

Dependent Variable = station owned by a female (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.2302 (0.000)***
Total Market Population	-2.28 x 10 ⁸ (0.036)**
Percent Minority Population in Market	0.0029 (0.067)*
Percent Female Population in Market	0.019 (0.473)
AM Station	0.0569 (0.281)
constant	-2.0779 (0.123)
N = 6381	pseudo-R ² = 0.0130

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; BLA Financial; Free Press Research

Figure A3:

Dependent Variable = station owned by a minority (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.000183 (0.000)***
Total Market Population	-9.75 x 10 ⁹ (0.282)
Percent Minority Population in Market	0.2248 (0.000)***
Percent Female Population in Market	0.0605 (0.045)**
AM Station	0.3915 (0.000)***
constant	-4.9643 (0.001)***
N = 6381	pseudo-R ² = 0.1015

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; BLA Financial; Free Press Research

Figure A4:

Dependent Variable = station owned by a female (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.000189 (0.000)***
Total Market Population	-3.98 x 10 ⁸ (0.001)***
Percent Minority Population in Market	0.0036 (0.025)**
Percent Female Population in Market	0.0536 (0.066)*
AM Station	0.07 (0.179)
constant	-4.0759 (0.005)***
N = 6381	pseudo-R ² = 0.0076

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; BLA Financial; Free Press Research

Figure A5:

Dependent Variable = station owned by a minority (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.000035 (0.159)
Total Market Population	1.32 x 10 ⁹ (0.879)
Percent Minority Population in Market	0.022 (0.000)***
Percent Female Population in Market	0.03 (0.292)
AM Station	0.4 (0.000)***
constant	-3.6172 (0.012)**
N = 6381	pseudo-R ² = 0.0989

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; ALA Financial; Free Press Research

Figure A6:

Dependent Variable = station owned by a female (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.00003 (0.239)
Total Market Population	-2.53 x 10 ⁸ (0.021)**
Percent Minority Population in Market	0.0034 (0.034)**
Percent Female Population in Market	0.0262 (0.338)
AM Station	0.0807 (0.122)
constant	-2.924 (0.034)**
N = 6381	pseudo-R ² = 0.0037

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; ALA Financial; Free Press Research

Figure A7:

Dependent Variable = market with a minority-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.2124 (0.100)*	-0.1847 (0.169)
Total Market Population	1.04×10^6 (0.000)***	9.84×10^7 (0.000)***
Percent Minority Population in Market	0.0569 (0.000)***	0.0564 (0.000)***
Percent Female Population in Market		-0.0082 (0.936)
Female Owner in Market		0.2434 (0.219)
constant	-1.296 (0.001)***	-1.0202 (0.219)
N = 298	pseudo-R ² = 0.4021	pseudo-R ² = 0.4061

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; ALA Financial; Free Press Research

Figure A8:

Dependent Variable = market with a female-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.4545 (0.000)***	-0.3864 (0.001)***
Total Market Population	8.92×10^8 (0.212)	5.45×10^8 (0.406)
Percent Minority Population in Market		-0.0012 (0.828)
Percent Female Population in Market	0.0817 (0.312)	0.0874 (0.295)
Minority Owner in Market		0.4843 (0.013)**
constant	-3.3013 (0.422)	-3.9589 (0.352)
N = 298	pseudo-R ² = 0.0581	pseudo-R ² = 0.0786

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; ALA Financial; Free Press Research

Figure A9:

Dependent Variable = market with a minority-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.000276 (0.056)*	-0.000247 (0.092)*
Total Market Population	9.65 x 10 ⁷ (0.000)***	9.12 x 10 ⁷ (0.000)***
Percent Minority Population in Market	0.0572 (0.000)***	0.0567 (0.000)***
Percent Female Population in Market		0.012 (0.909)
Female Owner in Market		0.2459 (0.199)
constant	-1.2792 (0.001)***	-2.0123 (0.701)
N = 298	pseudo-R ² = 0.4018	pseudo-R ² = 0.4059

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; ALA Financial; Free Press Research

Figure A10:

Dependent Variable = market with a female-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.00055 (0.000)***	-0.000475 (0.001)***
Total Market Population	3.62 x 10 ⁸ (0.585)	7.98 x 10 ⁹ (0.896)
Percent Minority Population in Market		-0.0003 (0.958)
Percent Female Population in Market	0.151 (0.079)*	0.1488 (0.090)*
Minority Owner in Market		0.4548 (0.017)**
constant	-6.8886 (0.110)	-7.1217 (0.107)
N = 298	pseudo-R ² = 0.0622	pseudo-R ² = 0.0814

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; BLA Financial; Free Press Research

Figure A11:

Dependent Variable = market with a minority-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.000062 (0.408)	-0.000052 (0.484)
Total Market Population	1.06 x 10 ⁶ (0.000)***	9.96 x 10 ⁷ (0.000)***
Percent Minority Population in Market	0.0566 (0.000)***	0.056 (0.000)***
Percent Female Population in Market		-0.0114 (0.912)
Female Owner in Market		0.2735 (0.156)
constant	-1.6063 (0.000)***	-1.1383 (0.829)
N = 298	pseudo-R ² = 0.3975	pseudo-R ² = 0.4026

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; BLA Financial; Free Press Research

Figure A12:

Dependent Variable = market with a female-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.0002 (0.003)***	-0.00017 (0.007)***
Total Market Population	6.10 x 10 ⁸ (0.385)	3.05 x 10 ⁸ (0.628)
Percent Minority Population in Market		-0.0024 (0.674)
Percent Female Population in Market	0.0978 (0.231)	0.0991 (0.239)
Minority Owner in Market		0.5217 (0.007)***
constant	-4.5368 (0.274)	-4.899 (0.253)
N = 298	pseudo-R ² = 0.0469	pseudo-R ² = 0.0699

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 filings; BLA Financial; Free Press Research

Appendix B - Market Concentration and Minority TV Ownership

To examine the relationship between minority-ownership of full-power commercial television stations and television market concentration, several econometric models were constructed. The first set of models examines the effect that the presence of a minority owned station in a market has on market concentration. In order to control for market-specific effects, two control variables were used: market rank and the percent of minority population within a given market. This approach is also used to examine the relationship between minority-owned news stations and market concentration.

These models are specified as:

$$HHItotalday = \alpha + \beta_1(minorityown)_i + \beta_2 (marketrank)_i + \beta_3 (pctminor)_i + \epsilon_i$$

$$HHItotalday = \alpha + \beta_1(minorownnews)_i + \beta_2 (marketrank)_i + \beta_3 (pctminor)_i + \epsilon_i$$

$$HHItotalday = \alpha + \beta_1(minorownVHFnews)_i + \beta_2 (marketrank)_i + \beta_3 (pctminor)_i + \epsilon_i$$

$$HHItotalday = \alpha + \beta_1(addminorown)_i + \beta_2 (marketrank)_i + \beta_3 (pctminor)_i + \epsilon_i$$

Where

HHItotalday = the HHI for a particular market, based upon station audience share.

minorityown = dummy variable for the presence of a minority-owned station in a given market.

marketrank = the Nielsen market rank for the 2005-2006 period.

pctminor = the percentage of a market's population that is of minority racial or ethnic status.

minorownnews = dummy variable for the presence of a minority-owned local news station

minorownVHFnews = dummy variable for the presence of a minority-owned VHF news station.

addminorown = dummy variable for a market that added a minority-owned station after 1998.

The results are presented below in Figures B1-B4. These models suggest that the presence of a minority owned station, a minority owned VHF news station, or a new minority-owned station, is negatively associated with market concentration.

Figure B1:

Dependent Variable = HHI total day

	OLS	Robust Regression
	Coefficient Beta-Value (significance) (sig. w/ robust std. err.)	Coefficient (significance)
Minority-owned Station	-435.6969 -0.087587 (0.112) (0.016)**	-285.4295 (0.030)**
Market Rank	19.76933 0.639241 (0.000)*** (0.000)***	9.177394 (0.000)***
Percent Minority Population	-2.17345 -0.020914 (0.702) (0.684)	-1.67478 (0.538)
constant	1616.35 (0.000)*** (0.000)***	2192.86 (0.000)***
	R ² = 0.4533	R ² = 0.4518
N = 210	adjusted-R ² = 0.4453	adjusted-R ² = 0.4439

* = sig. at 10% level; ** = sig. at 5% level; *** = sig. at 1% level

Source: Form 323 Filings; BIA Financial; Free Press Research

Figure B2:

Dependent Variable = HHI total day

	OLS	Robust Regression
	Coefficient Beta-Value (significance) (sig. w/ robust std. err.)	Coefficient (significance)
Minority-owned Station Airing Local News	-376.4767 -0.0532756 (0.318) (0.163)	-338.3842 (0.065)*
Market Rank	20.06072 0.6486625 (0.000)*** (0.000)***	9.460458 (0.000)***
Percent Minority Population	-3.441814 -0.0331188 (0.540) (0.511)	-2.178654 (0.423)
constant	1568.00 (0.000)*** (0.000)***	2159.54 (0.000)***
N = 210	R ² = 0.4492 adjusted-R ² = 0.4412	R ² = 0.4497 adjusted-R ² = 0.4417

* = sig. at 10% level; ** = sig. at 5% level; *** = sig. at 1% level

*Source: Form 323 Filings; BLA Financial; Free Press Research***Figure B3:**

Dependent Variable = HHI total day

	OLS	Robust Regression
	Coefficient Beta-Value (significance) (sig. w/ robust std. err.)	Coefficient (significance)
Minority-owned VHF Station Airing Local News	-998.0537 -0.0886898 (0.089)* (0.023)**	-580.4603 (0.037)**
Market Rank	20.14959 0.6515361 (0.000)*** (0.000)***	9.264841 (0.000)***
Percent Minority Population	-5.329496 -0.051283 (0.338) (0.298)	-4.73582 (0.074)*
constant	1600.73 (0.000)*** (0.000)***	2214.84 (0.000)***
N = 210	R ² = 0.4543 adjusted-R ² = 0.4463	R ² = 0.4522 adjusted-R ² = 0.4442

* = sig. at 10% level; ** = sig. at 5% level; *** = sig. at 1% level

Source: Form 323 Filings; BLA Financial; Free Press Research

Figure B4:

Dependent Variable = HHI total day		
	OLS	Robust Regression
	Coefficient Beta-Value (significance) (sig. w/ robust std. err.)	Coefficient (significance)
Added a Minority-Owned Station After 1998	-575.9534 -0.0940821 (0.077)* (0.014)**	-272.949 (0.088)*
Market Rank	20..13091 0.6509321 (0.000)*** (0.000)***	9.698766 (0.000)***
Percent Minority Population	-2.18187 -0.020995 (0.699) (0.678)	-1.668853 (0.547)
constant	1564.03 (0.000)*** (0.000)***	2130.40 (0.000)***
N = 210	R ² = 0.4549 adjusted-R ² = 0.4469	R ² = 0.4478 adjusted-R ² = 0.4398

* = sig. at 10% level; ** = sig. at 5% level; *** = sig. at 1% level

Source: Form 323 Filings; BLA Financial; Free Press Research

While this is an interesting and important finding, it may be more appropriate to treat minority ownership as a *dependent* variable, and examine the *probability* that a given station (or market) will be minority-owned (or contain a minority-owned station) given the characteristics of a market, including the market concentration.

These probability models are generally specified as:

$$\begin{aligned}
 \text{minorownsta} &= \alpha + \beta_1(\text{HHItotday})_i + \beta_2(\text{mktrank})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{VHF})_i + \beta_5(\text{bigfour})_i + \varepsilon_i \\
 \text{minornewssta} &= \alpha + \beta_1(\text{HHItotday})_i + \beta_2(\text{mktrank})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{VHF})_i + \beta_5(\text{bigfour})_i + \varepsilon_i \\
 \text{minorownmkt} &= \alpha + \beta_1(\text{HHItotday})_i + \beta_2(\text{mktrank})_i + \beta_3(\text{pctminor})_i + \varepsilon_i \\
 \text{minornewsmkt} &= \alpha + \beta_1(\text{HHItotday})_i + \beta_2(\text{mktrank})_i + \beta_3(\text{pctminor})_i + \varepsilon_i \\
 \text{addminorown} &= \alpha + \beta_1(\text{HHItotday})_i + \beta_2(\text{mktrank})_i + \beta_3(\text{pctminor})_i + \varepsilon_i
 \end{aligned}$$

Where

minorownsta = dummy variable for a minority-owned station.
minornewssta = dummy variable for a minority-owned station that airs local news.
minorownmkt = dummy variable for a market with a minority-owned station.
minornewsmkt = dummy variable for a market with a minority-owned station that airs local news.
addminorown = dummy variable for a market that added a minority-owned station after 1998.
HHItotday = the HHI for a particular market, based upon station audience share.
mktrank = the Nielsen market rank for the 2005-2006 period.
pctminor = the percentage of a market's population that is of minority racial or ethnic status.
VHF = dummy variable for a station operating on channel 2-13.
bigfour = dummy variable for a station that is affiliated with one of the big four networks.

Each probability model was investigated as a linear OLS model, and as a WLS (robust) linear model. But given the limitations of linear models in the case of a dummy dependent variable, these probabilities were also examined using Probit, and Logit binary response models.

The results are presented below in Figures B5-B9. These results suggest that the probability that a given station is minority-owned is significantly lower in more concentrated markets, even if market and station characteristics are held constant. Furthermore, a given station is less likely to be a minority-owned local news station in more concentrated markets. This result is also seen when examining the probability that a *market* will have a minority-owned station or a minority-owned local news station. Furthermore, less concentrated markets were more likely to have added a minority-owned station after 1998, even after controlling for market rank and minority population.

Figure B5:

Dependent Variable = station owned by a minority (dummy)

	OLS	Probit	Logit
	Coefficient Beta-Value (significance) (sig. w/ robust std. err.)	Coefficient dF/dx (significance) (sig. w/ robust std. err.)	Coefficient (significance) (sig. w/ robust std. err.)
HHI total day	-0.000011 -0.072878 (0.041)** (0.002)***	-0.0003752 -0.0000194 (0.012)** (0.006)***	-0.0007718 (0.021)** (0.016)**
Market Rank	0.0002288 0.073232 (0.052)* (0.058)*	0.0045539 0.0002351 (0.013)** (0.007)***	0.009408 (0.019)** (0.011)**
Percent Minority Population in Market	0.0007315 0.073532 (0.009)**** (0.035)**	0.0071797 0.0003707 (0.056)* (0.061)*	0.0165058 (0.043)** (0.060)*
VHF Station	0.0024051 0.006697 (0.834) (0.833)	-0.0002628 -0.0000136 (0.999) (0.999)	0.0705623 (0.870) (0.885)
Big Four Station	-0.0453484 -0.123403 (0.000)**** (0.003)***	-0.5981723 -0.0374242 (0.001)**** (0.004)***	-1.403894 (0.001)*** (0.007)***
constant	0.05546 (0.001)**** (0.000)***	-1.09931 (0.003)**** (0.001)***	-1.897872 (0.022)** (0.021)**
N = 1349	R ² = 0.0244 adjusted-R ² = 0.0208	pseudo R ² = 0.089	pseudo R ² = 0.0886

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 Filings; BLA Financial; Free Press Research

Figure B6:

Dependent Variable = minority owned station airing local news (dummy)

	OLS	Probit	Logit
	Coefficient Beta-Value (significance) (sig. w/ robust std. err.)	Coefficient dF/dx (significance) (sig. w/ robust std. err.)	Coefficient (significance) (sig. w/ robust std. err.)
HHI total day	-0.0000607 -0.0641 (0.075)* (0.036)**	-0.0004846 -0.0000109 (0.028)** (0.071)**	-0.001311 (0.034)** (0.128)
Market Rank	0.0000443 0.022658 (0.553) (0.560)	0.0028309 0.0000639 (0.237) (0.221)	0.0071412 (0.231) (0.238)
Percent Minority Population in Market	0.0002696 0.04391 (0.128) (0.276)	0.0063395 0.0001431 (0.219) (0.316)	0.0126805 (0.351) (0.514)
VHF Station	-0.0056394 -0.025007 (0.437) (0.443)	-0.1849883 -0.004069 (0.419) (0.221)	-0.5120273 (0.366) (0.348)
Big Four Station	0.0112352 0.048685 (0.159) (0.168)	0.3827043 0.0079049 (0.141) (0.114)	1.004053 (0.124) (0.126)
constant	0.0152167 (0.153) (0.086)*	(1.54) (0.006)*** (0.021)**	-2.315324 (0.137) (0.275)
N = 1349	R ² = 0.0056 adjusted-R ² = 0.0019	pseudo R ² = 0.0586	pseudo R ² = 0.0585

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 Filings; BLA Financial; Free Press Research

Figure B7:

Dependent Variable = market with a minority-owned station (dummy)

	OLS	Probit	Logit
	Coefficient	Coefficient	Coefficient
	Beta-Value	dF/dx	
	(significance)	(significance)	(significance)
	(sig. w/ robust std. err.)	(sig. w/ robust std. err.)	(sig. w/ robust std. err.)
HHI total day	-0.0000281	-0.0006441	-0.0011462
	-0.1398196	-0.0000977	
	(0.112)	(0.003)***	(0.005)***
Market Rank	(0.041)**	(0.001)***	(0.003)***
	-0.0006912	0.001169	0.0011261
	-0.1111809	0.0001773	
Percent Minority Population in Market	(0.210)	(0.660)	(0.813)
	(0.247)	(0.652)	(0.815)
	0.0046665	0.0183777	0.031689
constant	0.2233715	0.0027868	
	(0.001)***	(0.003)***	(0.004)***
	(0.003)***	(0.002)***	(0.003)***
N = 210	0.24043	0.3792889	0.8303584
	(0.001)***	(0.479)	(0.410)
	(0.001)***	(0.462)	(0.402)
	R ² = 0.1273	pseudo R ² = 0.1898	pseudo R ² = 0.1925
	adjusted-R ² = 0.1146		

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 Filings; BLA Financial; Free Press Research

Figure B8:

Dependent Variable = market with a minority-owned station airing local news (dummy)

	OLS	Probit	Logit
	Coefficient	Coefficient	Coefficient
	Beta-Value	dF/dx	
	(significance)	(significance)	(significance)
	(sig. w/ robust std. err.)	(sig. w/ robust std. err.)	(sig. w/ robust std. err.)
HHI total day	-0.0000128	-0.0007912**	-0.0015023**
	-0.0906995	-0.000359	
	(0.318)	(0.017)**	(0.031)**
Market Rank	(0.210)	(0.038)**	(0.115)**
	-0.0004261	0.0012612	0.0021537
	-0.0973687	0.0000572	
Percent Minority Population in Market	(0.289)	(0.705)	(0.749)
	(0.313)	(0.721)	(0.790)
	0.0021154	0.0119873	0.021037
constant	0.1438456	0.000544	
	(0.040)**	(0.101)	(0.159)
	(0.132)	(0.185)	(0.338)
N = 210	0.1197049	0.344887	0.9018484
	(0.020)**	(0.665)	(0.595)
	(0.025)**	(0.727)	(0.718)
	R ² = 0.0623	pseudo R ² = 0.1768	pseudo R ² = 0.1735
	adjusted-R ² = 0.0486		

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 Filings; BLA Financial; Free Press Research

Figure B9:

Dependent Variable = added minority owned station in market after 1998 (dummy)

	OLS	Probit	Logit
	Coefficient Beta-Value (significance) (sig. w/ robust std. err.)	Coefficient dF/dx (significance) (sig. w/ robust std. err.)	Coefficient (significance) (sig. w/ robust std. err.)
HHI total day	-0.0000262 -0.1604588 (0.077)* (0.035)**	-0.0005219 -0.0000598 (0.016)** (0.005)***	-0.000968 (0.020)** (0.008)**
Market Rank	0.0002054 0.0406665 (0.656) (0.697)	0.0039963 0.0004577 (0.162) (0.159)	0.0064961 (0.225) (0.235)
Percent Minority Population in Market	0.0034945 0.2058482 (0.003)*** (0.023)**	0.0168858 0.0019338 (0.010)*** (0.007)***	0.0312275 (0.008)*** (0.008)***
constant	0.09863 (0.095)* (0.066)*	-0.5118781 (0.346) (0.290)	-0.728191 (0.486) (0.434)
N = 210	R ² = 0.0703 adjusted-R ² = 0.0568	pseudo R ² = 0.1351	pseudo R ² = 0.1358

* = significant at 10% level; ** = significant at 5% level; *** = significant at 1% level

Source: Form 323 Filings; BLA Financial; Free Press Research

These findings are very robust to model specification type, and are extremely important, for they suggest that minority-owners thrive in more competitive markets, regardless of market or station characteristics. Also, minority production of local news is more likely to occur in a competitive market versus markets with less competition, regardless of market or station characteristics.

The magnitude of the effect of market concentration is quite large. For example, the predicted probability of a market having a minority-owned station at the median concentration level is approximately 17 percent (under the robust-standard error Probit model). If that concentration increases by one-half of one standard deviation (a 940 unit increase in HHI), then the predicted probability of a market having a minority-owned station drops by two-thirds, to about 6 percent. Likewise, for an individual station, the predicted probability of being minority-owned at the median market HHI is about 2.1 percent (under the robust-standard error Probit model). An increase of one-half of one standard deviation in HHI also leads to a large drop in the predicted probability, falling to just 0.8 percent.

These findings suggest that the likely outcome of further industry consolidation and concentration will be fewer minority-owned stations and minority-owned stations airing local news content. This has tremendous implications for the current ownership proceeding at the FCC. One unambiguous consequence of further industry consolidation and concentration will be to diminish both the number of minority-owned stations and the already low number of minority-owned stations airing local news content. The FCC should seriously consider the effects on minority owners and viewers before it moves to enact policies that will lead to increased market concentration.