

Off The Dial: Female and Minority Radio Station Ownership in the United States

How FCC Policy and Media Consolidation Diminished Diversity
on the Public Airwaves

Review of Current Status and Comparative Statistical Analysis

EXECUTIVE SUMMARY



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June 2007



Executive Summary

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 stations operating in the United States. It follows a similar analysis of female and minority broadcast television ownership, *Out of the Picture*, published last fall.

Because this study represents the first ever complete assessment of all licensed commercial radio 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). No conclusions about changes over time can be drawn from this report. 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 information contained in *Off the Dial* will enable policymakers at the FCC and in Congress to make informed conclusions about the state of the broadcast marketplace and the impact of media consolidation on female and minority radio station ownership. Taken together, the findings of this study should raise serious concern.

The Dismal State of Female and Minority Ownership

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

- 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.

Radio Station Ownership Lags Behind Other Economic Sectors

Our previous study, *Out of the Picture*, found that female and minority ownership of broadcast television stations was similarly anemic. Women own 5 percent of broadcast TV stations, while people of color own just 3.3 percent of stations.

These groups' level of radio station ownership is only slightly higher, despite the fact that the cost of operating a radio station is dramatically lower than a TV station. Moreover, radio station ownership is very low compared to the levels seen in other commercial industry sectors:

- According to the most recent figures available, women own 28 percent of all non-farm businesses.
- Racial and ethnic minorities owned 18 percent of all non-farm businesses, according to the most recent data.
- In sectors such as transportation and health care, people of color own businesses at levels near their proportion of the general population. But in the commercial radio broadcast sector the level of minority ownership is over four times below their proportion of the general population. That's lower than every sector of the economy tracked by the Census Bureau except for mining and enterprise management.

No Diversity at the Top of Station Management

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 Control Fewer Stations per Owner

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.

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

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.

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

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.

Female and Minority Ownership Is Low, Even When They're in the Majority

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 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.

Format Diversity, Market Revenue and Audience Share

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.

Ownership and Programming Diversity: A Case Study of Talk Radio

Though the focus of this study was on structural ownership, recent controversy surrounding remarks by two prominent talk radio hosts —Rush Limbaugh and Don Imus — spurred an examination talk radio programming on minority- and female-owned stations. We found:

- No minority-owned stations aired "Imus in the Morning" at the time of its cancellation.
- All minority-owned stations and minority-owned talk and news format stations were significantly less likely to air "The Rush Limbaugh Show," as were female-owned stations.
- Having a minority- or female-owned station in a market was significantly correlated with a market airing both conservative and progressive programming.
- Overall, markets that aired both progressive and conservative hosts were significantly less concentrated than markets that aired just one type of programming.

These results suggest that diversity in ownership leads to diversity in programming content. This result may seem obvious. But policymakers may have forgotten the reason behind ownership rules and limits on consolidation: Increasing diversity and localism in ownership will produce *more* diverse speech, *more* choice for listeners, and *more* owners who are responsive to their local communities.

Bottom Line: Consolidation Keeps Women and Minorities Off the Dial

The results of this study — like *Out of the Picture* — 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.

In the short term, Congress should act to expand the low-power FM radio service and order the FCC to make available thousands of new licenses. The interference problems cited to curtail community radio in the past have been disproved, and opening these slots on the dial would undoubtedly help promote minority ownership. This is not a long-term fix, but it is certainly a step in the right direction.

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.