

Common Cause

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Texas Roundup: Impact of FCC Rules on Local Markets

The FCC Opens the Door To Greater Media Concentration

On June 2, 2003 the Federal Communications Commission narrowly voted to approve sweeping broadcast media deregulation. The vote came despite more than 2 million public comments received by the FCC on the issue, nearly all of them against it. Opponents realized what the new rules could mean for democracy: fewer sources of news and information, fewer diverse points of view and more homogenized news and entertainment.

Since that vote, several interest groups have challenged the FCC in court. A federal court in Philadelphia in September barred the new rules from taking effect until further review, with arguments scheduled for mid February.

Common Cause continues to raise awareness about the issue, as well try to persuade Congress to roll back the new rules which:

- ✓ Raised the cap on how many TV stations one company could own. Under the old rules, a company could own as many TV stations as it wanted, provided these stations in total did not reach more than 35 percent of all U.S. TV households. Under the new rules, one company can own stations that reach up to 45 percent of all households. (Congress may approve a provision that would reduce the national ownership cap to 39 percent).
- ✓ Eliminated the ban on a TV station owning a newspaper (in all but the smallest markets)
- ✓ Permitted one company to own as many as three TV stations, the local newspaper, and up to eight radio stations (depending on how many TV stations operate in a given market)

What's going on in San Antonio on Jan. 28?

Broadcasters have a legal obligation to serve "the public interest, convenience and necessity" in exchange for the free licenses they are granted to operate on the public airwaves. On Jan. 28, the

FCC plans to hold a hearing at the City Council Chamber in San Antonio to discuss whether local Texas media is serving the interests of its audience.

FCC Chairman Michael Powell and Commissioners Kathleen Abernathy, Michael Copps and Jonathan Adelstein are expected to attend.

The hearing is in response to widespread concern that broadcasters are failing to live up to their public service obligation. In fact, a recent study by the Alliance for Better Campaigns looked at programming in the San Antonio market for a week in October and found a “near black out” of local public affairs programming. Of 7,560 hours of programming analyzed, less than one half of one percent – 13 hours – was devoted to local public affairs shows, the Alliance found.

Information from the hearing will be used when the FCC considers Texas’ radio license renewals in August 2005 and television license renewals in August of 2006.

Localism Concerns

Common Cause fears the lifting of media ownership caps will hurt the FCC’s stated core values of preserving localism and diversity in radio and television. When nationwide companies own local media outlets, they often cut staff, shrink the news departments and avoid controversial issues to please advertisers. To save money, some companies now produce local news shows in one city and ship them out to the cities where they broadcast. In these cases, one company often serves up local news for many different communities.

In addition, absentee corporate owners of TV and radio stations and big corporations are much less sensitive to local decency standards -- such as the amount of sex, violence and obscenities deemed appropriate in the community.

What’s more, a Center for Excellence in Journalism Study shows that small station groups do better than large owners when it comes to covering local news, elections and civic issues. Fewer station owners also mean fewer sources of information, and that hurts democracy, which thrives on more voices being heard.

Radio is a good example of the negative effects of media deregulation. The 1996 Telecommunications Act lifted limits to how many radio stations one company could own. Since then, Clear Channel, headquartered in San Antonio, has become the largest radio station owner in the country with more than 1,200 stations in approximately 300 markets. Musicians and listeners alike have criticized the domination of radio by a few large companies, saying that it has led to homogenized music, lack of access to the airwaves for new artists and a serious reduction of local news.

What could happen in Texas

If the FCC’s new rules are implemented, as few as eight companies could control all of the commercial television stations in Texas. Statewide, a single company would be able to buy up to 30 television stations, several newspapers and over 100 radio stations. A second company could own up to 27 television stations, over 100 radio stations and newspapers as well. Together, just

these two companies could control over 48 percent of the commercial television stations, virtually all of the major newspapers and forty percent of the radio stations across the state of Texas.

Under the current rules, a company can own no more than 23 television stations statewide and cannot buy radio stations or newspapers. In all but the four largest markets, a single company cannot currently own more than one station. If the new rules were implemented, one company could pick up a second station in Austin, Waco, Brownsville, Amarillo, Lubbock, Midland, and Abilene.

Two Texas Powerhouses, Belo Corp. and The Hearst Corporation

Under the new rules, nothing would prevent a company from buying the maximum number of TV stations, radio stations, and newspapers in every one of Texas' markets. Two companies in particular could greatly increase their Texas media power, Belo Corp. and the Hearst Corporation. Dallas-based Belo Corp. was one of three examples cited by Texas Republican Senator Kay Bailey Hutchison as, "potentially very dangerous to media diversity in our country."

Belo Corp. already owns a television station in Dallas, Houston, San Antonio, and Austin, covering two-thirds of the state's television households. It also owns The Dallas Morning News. (Some companies have special permission from the FCC to own a daily newspaper and a TV station in the same town.) With the new rules, which Belo supported, it could acquire additional daily newspapers in Houston, Austin, and San Antonio, and another television station in Dallas.

The Hearst Corporation, which already controls The San Antonio Express, Houston Chronicle, and The Beaumont Enterprise, could buy television stations in each of these cities. If Hearst was to buy a TV station in Beaumont, that would give the company control of up to one-third of the commercial television stations, and the major daily newspaper, and Hearst would also be permitted to own up to six local radio stations.

Impact of New Rules on the Local Texas Markets

San Antonio

In the **San Antonio** market, the new rules would allow a company to own two TV stations, eight radio stations and several newspapers. Just three companies could control half of the commercial TV stations, nearly half of the radio stations and the major newspapers.

Austin and Lubbock

In the **Austin** market and the **Lubbock** market, a single company could own up to two TV stations and a newspaper as well as up to seven radio stations in Austin and up to six radio stations in Lubbock. Just two companies could control up to two-thirds of the commercial TV

stations and a newspaper in each market as well as owning up to 36 percent of the radio stations in Austin and 48 percent of the radio stations in Lubbock. The current rules require that no fewer than six companies own the six commercial TV stations in each of these markets. However, the new rules would reduce that number to four, meaning that just four companies could control every commercial broadcast TV station in these markets.

Dallas-Ft. Worth and Houston

Under the new rules, just eight companies could own all 16 commercial TV stations in the **Dallas-Ft. Worth** market or the **Houston** market. One company could own two TV stations, eight radio stations and any number of newspapers. A second company could do the same, meaning that just two companies could control one quarter of the commercial TV stations, all of the major newspapers and about 20 percent of the radio stations in each of these markets.

El Paso

In the **El Paso** market, just four companies could control all of the commercial TV stations under the new rules. Currently, only two companies are allowed to own two TV stations and there must be at least six companies owning stations in this market. Each of the four companies could own two TV stations and seven radio stations as well as newspapers if the new rules are implemented. Just two of these companies could control half of the commercial TV stations, the major newspapers and over 42 percent of the radio stations in El Paso.

Harlingen-Brownsville and Odessa-Midland

The **Harlingen-Brownsville** and **Odessa-Midland** markets could suffer the greatest consolidation. According to the old rules, no company could own more than one commercial TV station in these markets. Under the new rules, three companies could each own two TV stations in both the Harlingen-Brownsville and Odessa-Midland markets. As each of these markets has only seven commercial broadcast stations, this could reduce the number of independent voices in these markets from seven independent voices down to four. Just two companies could own up to 57 percent of the commercial TV stations and almost half of the radio stations in each of these markets. They would also have the option of owning newspapers.

Amarillo, Abilene-Sweetwater and Waco-Temple-Bryan

In the **Amarillo** market, the **Abilene-Sweetwater** market, and the **Waco-Temple-Bryan** market, a company could buy a second TV station under the new rules, whereas no one company can currently control more than one station. A single company could own up to forty percent of the commercial TV stations and a newspaper in each market as well as up to 22 percent of the radio stations in Amarillo, up to 26 percent of the radio stations in Abilene-Sweetwater, and up to 21 percent of the radio stations in Waco.

Corpus Christi, Wichita Falls-Lawton and Laredo

In the **Corpus Christi** market, the **Wichita Falls-Lawton** market, and the **Laredo** market, companies owning TV stations would be able to start adding radio stations and newspapers to their holdings under the new rules. Currently a company can own just one television station and is prohibited from also owning radio stations or newspapers. In each of these markets the new rules would allow a company to buy a newspaper and up to seven radio stations, depending on the market, in addition to their TV station.