

**Remarks of FCC Commissioner Michael O’Rielly  
Before the 2017 Hispanic Radio Conference, Fort Lauderdale, Florida  
March 28, 2017**

Thank you, Frank, for that very kind introduction and for all of your efforts to include me at this wonderful event. Given your powers of persuasion, I suspect you must have had a hand in producing this beautiful weather as well.

Let me start by acknowledging the obvious. With a surname of O’Rielly, it should come as a surprise to no one that I lack any demonstrable Hispanic lineage. Moreover, I am not going to try to impress you by displaying my mastery of the Spanish language, which quite honestly I don’t possess. Perhaps initially, I may not seem like an ideal keynote speaker at this conference. But, we are all here today, confined in a lovely hotel ballroom in Fort Lauderdale, because of our *truly unifying feature*: our immense interest in radio broadcasting. For the FCC, it’s a responsibility; for you, it serves as a profession; and for all of us, it should be a passion.

It is near impossible to be involved in the radio industry – in any capacity – and not recognize the influence it has to change the lives of every day Americans. I am reminded of the great radio and television journalist Edward R. Murrow’s insight and warning about radio: “This instrument can teach. It can illuminate; yes, and even it can inspire. But it can do so only to the extent that humans are determined to use it to those ends. Otherwise, it’s nothing but wires and lights in a box.”<sup>1</sup> The people in this room know that radio has always been more than just a way to earn a living; it’s about serving your communities. Albeit, there is nothing wrong with having commercial success too.

At its heart, radio pulls listeners together by matching a chosen format with the needs of the surrounding community. When done right, it generates a spark in the soul of listeners and serves to soothe, entertain, inform, enlighten, energize, and so much more. Nowhere is that more evident than in those stations focused on serving our nation’s Hispanic population. A composition on the history of Hispanic radio said it well, “[d]espite significant barriers to its creation, the medium of radio gave a voice to generations of Latino communities starving for native language content and access to news and information of cultural relevance.”<sup>2</sup> While the use of Spanish language may be a common feature, Hispanic radio thrives by using a host of unique formats – Mexican Regional, Spanish Contemporary, Spanish Adult Hits, just to name a few – in order to combine the particular audience interests with the deep desire of listeners to retain their heritage and cultural identities.

I am sure you know these older data points well, so forgive me for restating some of them. According to Nielsen’s 2016 State of the Media Report, which I understand you may get an update tomorrow:<sup>3</sup>

- 40.4 million Hispanics use the radio per week;
- 97 percent of all Hispanics are reached weekly by radio, listening for an average of 12 and a half hours per week; and
- 70 percent of their listening time is done so out of the home.

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<sup>1</sup> Radio Television Digital News Association,

[https://www.rtdna.org/content/edward\\_r\\_murrow\\_s\\_1958\\_wires\\_lights\\_in\\_a\\_box\\_speech](https://www.rtdna.org/content/edward_r_murrow_s_1958_wires_lights_in_a_box_speech).

<sup>2</sup> [http://www.arbitron.com/downloads/mcl\\_unt\\_history\\_spanish\\_radio.pdf](http://www.arbitron.com/downloads/mcl_unt_history_spanish_radio.pdf).

<sup>3</sup> <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2016-reports/state-of-the-media-audio-today-radio-2016.pdf>

As businessmen and women, what a gift it is to serve a tight-knit community of passionate listeners with shared interests – it’s an advertiser’s dream.

This year’s Hispanic Radio Conference has been called “probably the most important” in its eight year history.<sup>4</sup> I wish my participation was the reason for that distinction, but I know it is more about angst in the industry regarding happenings outside of the FCC’s jurisdiction and expertise. In all fairness, I only have so much control within my own universe, so I hope you will forgive me for not commenting on other topics. Instead, I am here today to discuss relevant issues at the Commission and hopefully, do so in an interesting way.

#### *A. Pirate Radio Stations*

Many of you may have heard me speak before about pirate radio, a huge problem here in South Florida and one that has a disproportionate impact on the Hispanic radio community. The failure to properly address it highlights a deficiency in the Commission’s enforcement tools and undermines our overall credibility. Today, these squatters are infecting the radio band at the expense of listeners of legitimate radio stations, causing great harm to emergency preparedness within covered areas and undercutting the financial stability of licensed radio stations, your stations.

To that point, I could use your assistance in batting down arguments that pirate radio stations are somehow training grounds for those seeking to enter the field or that these “stations” bring a unique service to primarily minority communities, and therefore should be left alone. Few people actually have your background, experience, and history of serving these important communities, so your voice and words would be a welcome rejoinder to these baseless claims.

On my part, just this morning, I spent some time with the FCC’s Miami Field Office to ring the figurative fire alarm on overall efforts to combat pirate radio stations. Quite frankly, I sought answers on why these stations weren’t already eradicated. In particular, I discussed their recent enforcement actions in this market, what obstacles they face in expediting cases, and what additional authority may be of assistance. I also raised the issue of whether the ability to seize pirate equipment found in common areas could aid their efforts. In addition, we discussed whether our current fines should be increased, and if imposing penalties on those that directly and intentionally facilitate pirate stations could be helpful. It was a very positive meeting, and I walked away with renewed belief that the Miami Team was up to the task. But, they are also on notice that I expect to see this situation addressed quickly and sufficiently.

#### *B. Radio Ownership Limitations*

Another issue of interest in the broadcasting area is the FCC’s outdated media ownership limits.

I accept that only some of you may care about media ownership, but I contend that you all should. Artificially limiting your ability to buy or sell radio stations or combine with television or newspapers affects the valuation of your stations, raises the cost for debt, prevents the exploration of market synergies, and keeps you from best serving your communities. I am not going to suggest that consolidation or aggressive purchasing in your market is appropriate. But, preventing you from even considering such deals is harmful to the long term health of your stations.

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<sup>4</sup> <http://radioink.com/2017/03/13/will-trump-kill-hispanic-radio/>

In the radio sphere, keen interest has focused on the AM/FM subcap limit, which is a part of the Local Radio Ownership Rule. Specifically, our subcap limits prevent any one entity from owning more than a subset of AM or FM stations in a market, with the number dependent on how many stations there are in that market. I suggest to you that the radio industry and others have made a compelling case that these limits no longer make any sense. While we need to look at raising the overall ownership caps within a market, there is little reason to maintain the subcaps.

For some to argue that AM and FM are completely separate and distinct mediums ignores the reality that all media modes, including streaming, satellite and social media, are fighting for the same audience and the same advertising dollars. If the Commission believes that your only competitor is the man or woman sitting next to you, it is sadly mistaken. Essentially, every content distributor is part of one big marketplace. That's great for consumers, but it means we are imposing discriminatory and harmful limitations on your businesses' ability to compete.

Others will argue that the subcap limits keep existing stronger and larger AM station owners from selling and shifting to FM stations. In other words, the argument is that subcaps force radio owners to buy what some perceive as the weaker technology AM stations because they are maxed out on FM stations in a market. Even if this was once true, the Commission's AM radio revitalization efforts, especially giving AM operators the ability to obtain and use FM translators, have curtailed or completely eliminated this distinction by improving the ability of AM radio stations to cover and serve markets. Moreover, even if bigger AM owners exited, opting for FM stations, it would only increase the chances for new entrants, like Hispanic radio and others, to serve diverse and niche populations. Since minority ownership has been one of the biggest obstacles to modernizing our media ownership rules in the eyes of some, isn't this potentially a good thing?

### *C. Main Studio Rule*

Along the same lines, it's been a top priority of mine to remove outdated and unnecessary burdens imposed by the Commission. Few areas do we have greater work to do than in our rules governing the operations of broadcasters. You face some of the most archaic FCC rules, with many that no longer make sense in today's competitive marketplace. On that point, I have previously argued that the Commission's Main Studio Rule should be eliminated or severely modified, certainly as it pertains to the radio side of broadcasting.

The current rule requires every station's main studio to be located within or very close to that station's community of license, foreclosing the option for many stations to realize some efficiencies by collocating their offices. While the requirement can be waived for good cause, and often is waived for noncommercial stations, these waivers are hardly ever granted to commercial ones. It's time to take another look at our approach to collocation proposals.

Doing so could allow for cost savings that could make a real difference for some stations, while at the same time providing them a security dividend through more efficient channeling of public access. And the argument in favor of the restrictions has been significantly weakened in a time when people almost universally contact their radio stations by telephone, mail, or online. Additionally, now that we are moving the public files maintained by broadcasters to the Internet, the information the public would want to access will increasingly not be available in a physical format at the station's studio. The need for a main studio as a primary point of communication with the community has simply been minimized by

consumer preference and by Commission activity. Our rules should reflect this reality and allow for greater station collocations. The staffing requirements for these studios should likewise be updated.

#### *D. Incentive Auction Repack*

Similarly, another hot public policy topic is the incentive auction and its aftermath, also commonly referred to as the “repack.” With the auction essentially wrapped up, the Commission and the broadcasting industry will now be moving to the nitty gritty of repacking television broadcasters into a smaller spectrum footprint. Although how many stations will need to be moved is yet to be announced, no matter the number it is still certainly going to be a difficult and complex job. We all want to make the transition as smooth and painless as possible, for both broadcasters and consumers, while clearing the spectrum expeditiously.

Of course the television side of your industry will be the most fundamentally impacted, and is the first thing most people think of when considering the ramifications of the repack. Radio owners at NAB’s recent State Leadership Conference, however, made clear that many radio stations will also be affected. Co-location of radio and TV transmission facilities is a common situation, so as we get into the nuts and bolts of repacking, rest assured that I will keep your concerns in mind and work toward an outcome that minimizes the impact on TV and radio stations alike.

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You all have been too kind sitting patiently and listening to my ramblings about policy matters at the Commission. Please know that I appreciate all you do to serve your communities and look forward to working with you on issues of importance at the FCC.

I will leave you with a quote by former RCA President, David Sarnoff, a legendary radio and television pioneer by all accounts, “Whatever course you have chosen for yourself, it will not be a chore but an adventure if you bring to it a sense of the glory of striving to succeed and to add something to the welfare and happiness of your community as well as to yourself. If you set your sights above mere personal security, you will avoid mediocrity.”<sup>5</sup> That seems to perfectly capture the mantra of those working in the radio broadcasting industry.

Thank you so very much. I appreciate the opportunity to be here and wish you well for the rest of your conference.

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<sup>5</sup> Radio Age, January 1955, p18.  
<https://ia601407.us.archive.org/34/items/radioageresearch195557newyrich/radioageresearch195557newyrich.pdf>