



Future of Music Coalition

1325 13th Street NW, Suite 34, Washington, DC 20005 • 202.518.4117

**Testimony of Jenny Toomey
Executive Director, Future of Music Coalition**

**Presented at FCC's Media Ownership Hearing
in Nashville, TN, December 11, 2006**

Also attached are the executive summary,
introduction and conclusion from
Future of Music Coalition's forthcoming report:

**"False Premises, False Promises:
A Quantitative History of Ownership Consolidation
in the Radio Industry"**

Report's Release Date & Telephone Press Conference:
Wednesday, December 13, 2006

For more information or to participate in the press conference,
contact Margot Friedman at 202-332-5550

www.futureofmusic.org



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**Presented at FCC's Media Ownership Hearing
in Nashville, TN on December 11, 2006**

Good morning. I want to thank you for the honor of testifying today here in Nashville. These hearings are much needed, and we applaud you for holding so many of them and exhibiting such a strong commitment to take these discussions to local communities.

Nashville is a city that's close to my heart not only because it is the center of country music but because I recorded my last two records here. Coming back to Nashville always feels like coming home.

My name is Jenny Toomey. I am a rocker, an activist, and the Executive Director of the Future of Music Coalition. FMC is a non-profit research and advocacy organization that examines the complex issues at the intersection of music, technology, and policy.

We began FMC with the fundamental understanding that most working musicians aren't superstars – rather, they are independent businesses and they are local. Media structures fundamentally impact their creativity and their livelihood.

For the past seven years FMC has worked with musicians' and citizens' groups on issues from digital technology to health care. But one issue above all others always unites our diverse constituency and that is the unfortunate state of commercial radio.

For this reason FMC has dedicated long hours and much of our financial resources to understanding the transformation of radio in the wake of the 1996 Telecommunications Act. In 2002 we released a hundred-page study which concluded that the radical restructuring of the radio industry had harmed the basic FCC regulatory principles of competition, diversity and localism.

The study told the story of an industry that has lost one-third of its station owners in six years. It documented a radio landscape where virtually every local market was under the control of four companies or fewer. We questioned then whether the rise of new broadcasting conglomerates left a level playing field for independent operators. And we could not find even one compelling argument that radio listeners, professional broadcasters, local governments, social service agencies, or musicians had benefited from these changes.

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Four years later, the details from that study are common knowledge in the emerging media reform movement. For the public who are increasingly concerned about media, radio remains the canary in the coalmine. For this reason, this Thursday we are releasing a new and larger quantitative study of the radio industry. We have conducted a comprehensive survey of the thirty-year history of radio consolidation from 1975 to 2005. The news is worse than we thought.

Here are some of the most alarming of the findings.

- The top four radio station owners have almost half of the market share and the top ten owners have almost two-thirds of it.
- The “localness” of radio ownership – ownership by companies based in the community -- has declined between 1995 and 2005 by almost one-third.
- Just fifteen formats make up three-quarters of all commercial programming. Moreover, radio formats with different names can overlap up to 80% in terms of the songs played on them.
- Important legacy and niche music formats like Classical, Jazz, Americana, Bluegrass, New Rock, and Folk, are programmed almost exclusively by smaller station groups.
- Across 155 markets, radio listenership has declined over the past fourteen years, a 22% drop since its peak in 1989.

We have tried to make the data in this report clear and easy to understand. But 150 pages of data cannot be crammed into five minutes of testimony so I direct the commissioners and all those interested in the details to our longer published testimony. We will file the entire study in the public record of the FCC reply comments.

We are optimistic about traditional, terrestrial radio’s future despite being disappointed with the last decade of changes to it. Radio—in the sense of audio content featuring music, news, live events, or conversation—enjoys increasing popularity on noncommercial radio, satellite radio and Internet radio stations.

What’s strange is that commercial AM and FM radio are the failing platforms for audio content, when these license owners have the benefit of being free, ubiquitous, and local. Based on our research, we have concluded that the loss of AM and FM listeners resulted from broadcasters abandoning their mission to offer local and diverse programming.

If we don’t like the state of radio today, it is not a time to reward failing corporations with additional spectrum and licenses. As we talk about a digital future, we must remember that the FCC and the radio industry have an obligation to maximize traditional

radio's viability. Nearly everyone has a radio, but many new technologies remain beyond the financial means of many consumers.

FMC believes terrestrial radio can be revitalized if the FCC implements a five-part "fixing radio" agenda. This includes:

1. Retaining the current local ownership caps to prevent further consolidation;
2. Considering new regulations to promote radio ownership by small, independent, or minority broadcasters.
3. Ending structural payola once and for all;
4. Expanding and protecting noncommercial radio, including low-power FM;
5. Ensuring that the transition from analog to digital radio directly implements the concepts of localism, competition and diversity; and

If there is a silver lining to this cloud of failed radio policy, it will be the lessons that we apply to the debate over net neutrality and to structural decisions about the internet marketplace. Radio's story has played a major role in spawning the movement against media consolidation. And concerns about access to the data used in the FCC's decision-making process have shown that the public needs more substantial and transparent information to monitor media industries. Never again should these decisions be made in the dark. We appreciate your willingness to let the panelists shed light on the impact of these changes.