



**Hearing on
“Lifting Voices: Legislation to Promote Media
Marketplace Diversity”**

**United States House of Representatives
Committee on Energy and Commerce**

Subcommittee on Communications and Technology

January 15, 2020

Statement of Diane Sutter

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Introduction

Good morning Chairmen Pallone and Doyle, Ranking Members Walden and Latta and members of the subcommittee. My name is Diane Sutter and I am the president and CEO of ShootingStar Broadcasting, a company I formed over 20 years ago to own and operate broadcast stations. I am testifying today on behalf of the National Association of Broadcasters (NAB) and its more than 7,500 local TV and radio station members across your hometowns.

Local TV and radio broadcasters provide important information, news and entertainment that connect and reflect the diverse communities we serve including women and communities of color. These communities – Hispanic and Latino, African-American, Asian-American, Pacific Islander, Native American and more – rely heavily on free, local TV and radio broadcast stations instead of national paid subscription services. In today's media marketplace, our brand of local journalism is more critical than ever, and ensuring that our programming reflects the diversity of the communities we serve is not only in the public interest, it is good business.

NAB and its partner, the National Association of Broadcasters Leadership Foundation (NABLF), are committed to diversity and inclusion in the broadcast industry. We have a long track record of initiatives aimed at creating and sustaining opportunities for people of color, women and other underrepresented communities. The NABLF's training programs support the entire pipeline of professional development from collegiate to entry-level, management, executive leadership and ownership.

As a woman with an extensive career in the broadcasting industry both as a CEO and owner/operator, I share your interest in increasing diversity across all media. Beyond the efforts I will detail below, I recently served as the Chair of the Federal Communications Commission (FCC) Advisory Committee on Diversity and Digital Empowerment and was previously appointed by multiple FCC Chairmen to the FCC Advisory Committee on Diversity for Communications in the Digital Age over many years. I am a member of both the Advisory Board of Multicultural Media, Telecom and

Internet Council (MMTC) – with whom I am proud to testify alongside today – and the NAB Diversity and Inclusion Council. I previously served as the National Chair of the Alliance for Women in Media and on their National Board.

Based on my experiences as a broadcast executive, station owner and a woman who rose through the ranks of our industry, I appreciate the challenges that even veteran broadcasters face when trying to move into station ownership or to the upper most ranks of our industry; chief among them, access to capital and institutional barriers. I became a broadcast owner because I was passionate about the value and the service that our industry strives to deliver to local communities every day. But even as a General Manager of both radio and television stations I didn't have the access to capital or the knowledge of how to acquire stations.

As a result, after I was able to acquire my first television station, the CBS Affiliate in Abilene, Texas, I created the Broadcast Leadership Training (BLT) program because I wanted to share what I had learned with other women and people of color who I saw facing similar challenges. You will hear more about that program in just a few minutes.

Finally, in addition to the overall diversity and inclusion efforts supported by the broadcast industry, broadcasters urge you to support Representative Butterfield's Expanding Broadcast Ownership Opportunities Act (H.R. 3957) – legislation to reinstate the tax certificate program – a proven way to help increase the number of diverse radio and television broadcast owners across America.

Breaking Barriers on My Path to Broadcast Ownership

Today is a homecoming of sorts for me. Before entering the media industry, I worked on Capitol Hill in various capacities, last serving as a press secretary for Representative Robert P. Hanrahan from Illinois. As much of the broadcasting industry has changed in the years since I've worked here, so has the role of communications staff on the Hill. I tip my cap to them and their efforts to help communicate to your

constituents, now through a multitude of media platforms and at a breakneck 24-hour pace. These staff are great resources for local broadcasters across the country, and ensure your constituents remain connected to the work you are doing on their behalf.

Years ago, having made my transition from Washington, my broadcasting career began in Pittsburgh, Pennsylvania where I held numerous positions in radio at Shamrock Broadcasting – part of a broadcast group then owned by the Roy Disney family. I rose from newsroom producer to sales, sales manager, the first woman to hold that position in the market, station manager, and ultimately Vice President and General Manager (GM) of Shamrock's AM/FM combination. At that time, I was the first female radio GM in the Pittsburgh market.

A decade later, I became the first female TV GM in the Lexington, Kentucky market where I was the Vice President and GM of Shamrock's ABC affiliate. I can still remember the above-the-fold, front-page newspaper story with picture, announcing my promotion and wondering if such a story had ever been written about a new male GM. In my station, the internal newsletter that was created by a member of my staff proclaimed "It's a Girl," announcing my promotion to the GM position.

After Lexington, I was promoted to Shamrock's corporate offices in Burbank, California which operated 23 major market radio stations as well as three network television stations. I served first as Executive Vice President of Operations. In my first year at the corporate offices, Shamrock undertook a major purchase of another broadcast company that owned radio stations. It was there that I was intimately involved in the acquisition of the stations, doing the due diligence, working with the company to acquire bank financing, making the bank presentations, going through the FCC process and then the eventual station takeover. That experience taught me what I never knew – even as an experienced GM – about how to set up your capital structure, how to navigate acquiring financing and the entire acquisition process.

I was soon promoted to the President of Shamrock Television where I oversaw three network affiliates for Shamrock and was responsible for station operations and acquisitions of new stations. While I was not the only woman in leadership at Shamrock's corporate offices prior to becoming President, I was the first to serve as the

President of Television and the first to be responsible for purchasing and selling broadcast properties as well as their overall operations.

My time as a broadcast executive at Shamrock taught me so much about the daily operations of managing a station and then the group of stations. But, as I ultimately discovered, it was nowhere near what you need to know in order to navigate the challenges of buying a station or brokering a broadcast deal. It was my experience in the acquisition of the radio group and then as the executive responsible for Shamrock's divestiture of its portfolio of television stations that I learned first-hand about the complexities of capital structure in a deal and the relationships necessary to complete the acquisition of broadcast properties. These tangible skills not only enabled me to purchase my first television station from Shamrock, but they were vital to both my immediate and longer-term success in the industry. They also highlighted that most of the time nobody gives you a roadmap. Someone has to be willing to teach you the things you never know, even as a GM.

One of the biggest lessons I learned was that transitioning from a broadcast manager to a broadcast owner is complex, especially on the finance side and especially given the limited options for financing the purchase of one's first station. Fortunately for me, I was in the unique position of having the experience and credibility of doing broadcast deals on behalf of Shamrock, where I was able to develop a broad network of professionals that helped me put together my first deal. Those relationships, before I needed to use them, were essential.

Finally, participating in Shamrock's station acquisitions and the eventual sale of the company was critical to helping me understand how deals are put together, something that is almost impossible to learn as a GM or senior broadcast executive. Without these resources, relationships and experience, it is highly unlikely that I ever would have been become a station owner.

The Broadcast Leadership Training Program

The advantage of hindsight is that everything comes into focus more easily, and I easily saw even back then – having made the jump to station owner – that other potential station owners would face many of the same challenges and could benefit from my experience. I knew it would be especially true for other women and people of color in our industry who were my friends and colleagues. It was why I worked with the NABLF to create the Broadcast Leadership Training (BLT) program two decades ago. The BLT program is a 10-month Executive-MBA style program intended to help talented senior level broadcast executives who aspire to advance as group executives or station owners – particularly women and people of color – to be exposed to the fundamentals of purchasing, owning, and running a successful operation of radio and television stations. The BLT program – supported by broadcasters *for* broadcasters to help create the diversity that mirrors the communities we serve – sponsors the women and people of color with scholarships which amount to an investment of over \$17,500 in each participant.

Within our program, we jest that “BLT is more than just a sandwich” because it is a combination of both tangible and intangible skill-building and education, but it is also about building relationships and access and removing barriers to success at the upper levels of our industry. BLT provides a blueprint for talented people to become a greater part of the industry and increase the diversity of voices that reflect who we are as Americans. BLT faculty is drawn from the ranks of those working professionals most qualified to address individual topics. FCC staff and leading communications attorneys discuss regulatory and legal issues; members of the Wall Street and banking community provide insight into financing arrangements; and leading broadcast executives offer their first-hand perspectives on the industry. In some instances, academic faculty from leading universities are on hand to share their expertise. Due to the comprehensive nature of BLT, this program is recognized by the Small Business Administration (SBA) as a qualifying training program when a borrower seeks an SBA-guaranteed loan.

Celebrating the 20th anniversary of BLT this year, we are proud of our many success stories. Of its 325 graduates, over 65 percent have been promoted one or more times and 55 have been or are currently station owners. We have 11 graduates that have served on the NAB Board, five graduates have become sponsors of the program, and many of our graduates have come back as “faculty” for the program to share their success stories.

And who are these BLT success stories? Carolyn Becker of Riverfront Broadcasting came into the BLT program managing two stations. With the skills and resources of the program – and a lot of hard work – she started her own company and now owns 18 small market stations. Carolyn just sold one of her stations to her female GM Kathi Kolar, a member of the 2020 BLT class.

DuJuan McCoy of Bayou City Broadcasting, another BLT graduate, bought his first seven broadcast TV stations while still in the program. He went on to sell those stations in San Angelo and Abilene, Texas and bought other TV stations in Evansville, Indiana and Lafayette, Louisiana. DuJuan kept growing into larger media markets, selling those previous stations and is now the owner of the CW in Indianapolis, Indiana. Shortly after taking control of this station, DuJuan hired the first TV journalist dedicated exclusively to covering stories affecting issues of importance to Indiana's diverse population.

Orlando Rosales and his partner Mayela Rojas of Media Vista Group were both BLT graduates and started with one Spanish-language Azteca station in Fort Meyers-Naples, Florida. With the help of one of our BLT faculty (my previous equity partner) and myself, we worked for three years to get them the financing for three Univision stations in Fort Myers-Naples, Florida, Minneapolis, Minnesota and Kansas City, Missouri. They also started a magazine, D'Latinos and created a live morning show to further serve their communities.

While I wish I could say that every BLT story ends in success, I can assure you that we will continue to promote diversity in the broadcasting industry well into the future. However, the BLT program cannot alone address all of the significant challenges broadcasters face in striving to promote diversity.

Congress Can Promote Media Diversity Through Legislative Action

Based on countless conversations I have had with BLT graduates, access to capital remains the primary barrier to entry for new station owners. The two main challenges that prospective owners face are (1) finding access to capital, both equity and debt, for smaller transactions, and (2) locating and purchasing a station with the positive cash flow needed to reassure the bank that they will recoup their loan since broadcast lending is not based on the value of tangible assets.

The size of a deal is extremely important to most banks. Many entrants are limited to purchasing smaller broadcast stations, given their resources; however, banks often consider it not worth the potential risk to finance smaller deals for a new owner. For example, it typically costs a bank the same amount of money for legal fees, a Uniform Commercial Code (UCC) search, site surveys, and other necessary due diligence, regardless of the size of a deal. From my experience, banks are more interested in larger or multiple transactions, with less risk. In fact, it is much harder to obtain financing to purchase a station for \$2 million than a station for \$20 million. Banks are also often less inclined to take a chance on a first-time station owner and broadcast properties offer little tangible collateral.

In order to fundamentally change capital market incentives, NAB has supported programs and legislation that strive to improve it, including reinstatement of the tax certificate program by the Expanding Broadcast Ownership Opportunities Act (H.R. 3957) sponsored by Representative G.K. Butterfield (NC-01) of this committee. This legislation would incentivize the sale of broadcast properties, subject to certain safeguards, by reducing the capital gains tax realized by the seller with one fundamental condition: the purchaser must be a socially disadvantaged business.

From 1978 to 1995, the program was highly effective in leveling the playing field for underrepresented broadcasters, increasing minority ownership in broadcast stations by more than 550 percent. Unfortunately, Congress repealed this program in 1995. Broadcasters opposed this repeal because of the program's dramatic and positive impact on increasing ownership of broadcast stations for women and people of color.

During his Senate tenure, NAB President and CEO Gordon H. Smith was the lead sponsor of reinstating the tax certificate program to encourage investment in broadcast station ownership for women and people of color and to support underrepresented voices realize their dreams of radio and television station ownership. The tax certificate program has proven to be an effective mechanism for bringing more women and people of color into station ownership and the broadcast industry expresses its strong support and interest in working with you to reinstate it on a bipartisan basis.

Additionally, NAB would ask Congress to examine whether modifications to the statutory guidelines for SBA loan guarantees, including the size of its guarantee and valuation of an FCC license, might better incentivize lending to small entities that lack tangible property or their own business track record to satisfy lending guidelines that are not appropriate for the broadcast industry. Eliminating today's financing challenges for small would-be broadcasters could significantly enhance the likelihood of new entrants.

Conclusion

Radio and television broadcasting are incredible and vibrant industries that at their core are about journalism, localism and serving and reflecting American communities. NAB and NABLF are committed to supporting diverse leaders at every point in our industry's pipeline, from entry-level to ownership. Without a doubt, we are not where we need to be and more can be done to increase diversity in broadcasting and across all media.

Thank you again for the opportunity to discuss this issue critical to America's broadcasters and the communities we serve. We look forward to continuing to work with this Committee and I look forward to your questions.