

Committee on Energy and Commerce
Opening Statement as Prepared for Delivery
of
Full Committee Ranking Member Frank Pallone, Jr.

Hearing on “TV Timeout: Understanding Sports Media Rights”

January 31, 2024

Today we will examine the impact that sports programming has on the media marketplace. Unlike other things that seem to divide people, sports has the ability to unite. Whether it’s going to watch your hometown team or gathering with friends and family on Super Bowl Sunday, a lot of people’s free time in this country involves sports and athletic events.

Sports programming also fuels the media economy – drawing attention and dollars. Sports stands alone as the last, remaining, must-watch programming that people want to view live, as it happens.

Last year, we had a hearing to examine the evolving video marketplace. We discussed how the transformation of the media landscape is dramatically impacting consumers’ options and the prices they pay to view content. Sports programming is at the core of this transformation. The value of sports media rights has remained a boon for media outlets, supporting legacy programming for traditional television networks and competitive new services alike. At the same time, it has been a major driver of rising consumer prices.

Broadcasters want sports programming to sell advertising and increase the value of their retransmission consent fees, which generates revenue for station operations and the production of local news. Multichannel Video Programming Distributors like cable and satellite TV providers want sports programming to hold together their channel bundles and keep growing their customer base. And many online streaming services see sports programming as “must-have” content to attract subscribers behind paywalls – allowing their service to stand out from the crowded, competitive landscape at a time when many consumers are looking to cut costs, rather than add new ones.

In some ways, then, it’s never been a better time for consumers to watch sports. Numerous platforms mean competition and options. This means more televised sporting events and the ability to highlight a wide variety of sports. It has also contributed to an unprecedented rise in viewership for programming that is deserving of more attention, such as women’s sports.

Unfortunately, we’re also beginning to see signs of consumer frustration. “Subscription fatigue” has set in as the proliferation of different options means multiple services are needed to follow our favorite team over the season. Sometimes business disputes lead to TV blackouts, which hit consumers particularly hard in local markets where geographic exclusivity can make it impossible to watch a local game. Escalating sports licensing fees have been a major driver of increasing pay-TV costs, even for consumers who don’t watch sports. This has contributed to cord cutting. And, the rise of online streaming options, including games that air exclusively

online, has caused significant confusion among consumers, with 60 percent saying they have trouble finding the games they want to watch.

And we cannot forget that the full range of options is only available to people who have a high-quality, reliable broadband connection—which is a separate subscription and yet another monthly fee. Unfortunately, the digital divide persists and, whether due to affordability or availability, a broadband subscription sufficient to stream live sports often remains out of reach.

That is another reason that bipartisan programs like the Affordable Connectivity Program and the Broadband, Equity, Access, and Deployment Program are necessary to allow all of us to participate in modern society and communal events like sports events. It's critical that we come together to extend funding for the Affordable Connectivity Program to ensure that millions of American families can still have affordable access to the internet.

Finally, if sports programming is the lifeblood of our media ecosystem, we must ask what it means if this valuable content increasingly moves from local broadcast stations to national platforms, like most streaming services. Legacy broadcast media are our most trusted providers of local news and our most widely available source of critical emergency information. We should examine the implications of a significant revenue generator, like sports programming, moving off the free air waves and what this will mean for the future of local news.

The evolving video marketplace is complex, and it is more important than ever to put consumers first and make sure that they are getting the information they need and not being ripped off. My focus will remain on consumers and how to uphold the timeless principles of competition, localism, and diversity in the Communications Act. While it is true that our habits may be changing, our values are not. Our greatest challenge here is to determine how to carry those values forward as our technologies and the dominant business models change.

I look forward to the discussion today, and I yield back the balance of my time.