INTRODUCTION

The Minority Media and Telecommunications Council (MMTC) is a non-partisan, non-profit, and market-oriented advocacy organization that seeks to preserve and expand minority ownership and equal opportunity in the media and telecommunications industries, and to close the digital divide. Since 1986, MMTC has advocated before the Federal Communications Commission (FCC) on behalf of the interests of minority business enterprises and communities of color. MMTC works with key stakeholders in public, private, and community sectors, blending public policy reform and social justice advocacy to ensure that communications policy reflects the nuanced 21st century civil rights issues.

MMTC’s advocacy spans broadcasting, cable, telecom and Internet, with an emphasis in recent years on bridging the digital divide through telecom reform to encourage first-class digital citizenship for all Americans. In our role as the convener of minority business and social justice stakeholders, MMTC regularly conducts policy briefings and organizes two major annual conferences which, collectively, bring together hundreds of academic and policy experts, government and industry leaders, and entrepreneurs to evaluate how media and broadband technology can advance national civil rights, industry and societal goals, and improve U.S. global competitiveness. Moreover, anticipating the need to modernize the Telecommunications Act of 1996, in January of 2013, MMTC organized the New Telecom and Internet Policy Task Force (“Task Force”),¹ co-chaired by bipartisan former Members of Congress, Edolphus Towns (D-NY) and Clifford Stearns (R-FL). Members of the MMTC Task Force include over 60 distinguished representatives from industry, trade associations, public interest groups, non-governmental organizations, and scholars. The Task Force is currently

---

examining how to modernize communications law while advancing diversity and public interest goals, and will separately submit comments throughout this process.

MMTC offers the following four recommendations below in response to congressional inquiry on the modernization of the Telecom Act of 1996.

I. CONSIDER WAYS TO STRUCTURE THE ACT TO PRIORITIZE INCREASING OPPORTUNITIES FOR MWBE OWNERSHIP AND PARTICIPATION.

As Congress frames the next generation of laws governing the communications industries, one theme that should form the nucleus of new legislation is the creation of opportunities for those traditionally excluded from communications ownership - specifically, MWBEs. The increasing importance of our communications sector to our economy, the demographic changes in our society, the vast racial wealth and income disparities, and the historical barriers to MWBE participation demand that Congress take action. Congress should enact legislation that facilitates ownership and participation by MWBEs in both traditional and evolving communications industries.

It is historical fact that our regulated communications industries developed amidst a culture of discrimination and segregation. Despite later attempts to encourage minority participation, structural discrimination continues to be reflected in media ownership patterns that result from “discrimination in the capital markets, in communities, in the advertising industry, and in the competitive marketplace; by the effects of deregulation and market consolidation precipitated by the 1996 Act; and by various actions and inaction on the part of the FCC, the courts, and Congress.” In addition to the challenges in gaining access to capital and overcoming the

2 See Federal Communications Commission’s Minority Ownership Task Force, Minority Ownership Report (1978), p. 3. “In 1934 when the Communications Act was signed into law, public policy on the assimilation of minorities into the communications industry was nonexistent. Indeed, Blacks, Latin Americans, Asians and American Indians were isolated from the mainstream of American life by generations of racial discrimination and disadvantage. The notion of minority ownership was, therefore, undoubtedly a foreign concept to the communications industry. Yet, even then minority people generally understood the importance of radio to their quest for equality; even though “[t]he radio [was] closed to all speeches for racial equality…””. Id. (quoting Dr. Charles Houston, “Don’t Shout Too Soon,” 43 Crisis 79 (1936), also quoted by J. Clay Smith, Jr., “For A Strong Howard University Press,” Vol. 121, Part 21, Cong. Rec. 27790, 94th Cong. 1st Sess. (Sept. 5, 1975)).


Consider this: While the industry took its first steps with the help the Secretary of Commerce

4 See id.
As the U.S. is undergoing a fundamental shift to a minority-majority population,\(^5\) Congress’ first order of business regarding any updates to the law should be to ensure that structural discrimination is not repeated, and that MWBEs do not encounter significant barriers to participation in these industries.\(^6\) MMTC urges Congress to use this opportunity to prioritize diverse participation while modernizing communications law to ensure that the systemic exclusion of significant portions of our population does not persist in these crucial industries.

The following are examples of pro-MWBE initiatives that can be considered by Congress in the modernization of the Act:

- **Restore and Expand the FCC Tax Certificate Policy.**\(^7\) As MMTC and others have explained, “tax incentive policies have been the most effective measures to increase broadcast diversity.”\(^8\) The updated policy could address past concerns while being race neutral, extending it to both media and telecommunications, and including limits on transaction and program size.\(^9\)

- **Amend Section 309(j) to Protect the Designated Entity Program.** Congress should amend section 309(j) to prevent the Commission from interfering with the designated entity (DE) program goals of increasing a diverse array of licensees.\(^10\)

The availability of a robust broadband infrastructure is a crucial component to the “access” portion of the first-class digital citizenship equation, and potentially, to economic development within communities of color. The DE program is the primary vehicle upon which the FCC relies to advance statutory requirements in Section

---


\(^7\) See Initial Comments of the Diversity and Competition Supporters in Response to the NPRM, 2010 Quadrennial Regulatory Review, MB Docket No. 09-182 et al., (March 5, 2012), p. 27 (“Initial Comments of DCS”).

\(^8\) Id.

\(^9\) See id. at n. 116.

309(j), which directs the Commission to avert an “excessive concentration of licenses,” and to “disseminate licenses among a wide variety of applicants, including small businesses, rural telephone companies, and business owned by minority groups and women.” The goals of the DE program were circumvented by the Commission’s 2006 rule changes, which have since been successfully challenged in court. MWBE bidders must be included in the upcoming incentive spectrum auctions, especially as people of color are increasingly using wireless as a substitute for landline services, and because of the expansive use of smartphones and devices by minorities. Strengthening the DE program positions minority businesses to create wealth and assets that, in turn, create jobs and economic value for communities of color.

- **Continue to Advance Broadcast Diversity Goals.** As Congress examines how to modernize the Communications Act, it must also examine ways to improve opportunities for MWBE ownership and participation in the broadcast industry. MMTC has previously suggested proposals for Congress to consider, including:

  - Update and clarify Section 307(b) to provide that rules adopted to promote localism are presumed to be invalid if they significantly inhibit diversity;\(^\text{12}\)

  - Update Section 614 to improve opportunities for MWBEs to secure access to capital;\(^\text{13}\)

  - Revise Section 257 to ensure meaningful tracking and oversight on barriers to entry and participation;\(^\text{14}\)

  - Strengthen EEO enforcement by requiring the FCC to collect and examine data on diverse participation throughout the regulated industries to ensure meaningful regulation and enforcement of equal employment opportunities (EEO) rules across all platforms;\(^\text{15}\)

---

\(^\text{11}\) See Council Tree Communications, Inc. et al. v. FCC, 619 F.3d 235, 259 (3rd Cir 2010) (vacating the 2006 rule changes with respect to the 10-year holding period and the 50% material relationship rule and upholding the 25% attribution rule that was found to have been implemented after sufficient notice and opportunity to comment).

\(^\text{12}\) See Initial Comments of DCS at 36.

\(^\text{13}\) See id. at 35-36.

\(^\text{14}\) See id.

\(^\text{15}\) See e.g. MMTC 2009 Legislative Recommendations.
o Adopt a Flexible License Application Fee Schedule. Congress should also consider developing a fee schedule that reduces arbitrariness and increases flexibility for economically disadvantaged applicants.

o Collect Data to Incorporate Diversity in all FCC Policies. Congress should specifically direct the Commission to incorporate diversity and diverse participation in its data driven policies and to use this data to provide incentives and promote opportunities for MWBE inclusion.

II. ENCOURAGE INNOVATION, EXPERIMENTATION AND INVESTMENT TO FACILITATE FIRST-CLASS DIGITAL CITIZENSHIP FOR PEOPLE OF COLOR.

First class digital citizenship, achieved through affordable broadband access, adoption, and informed use, is the greatest civil rights challenge of the 21st century. Having access to broadband and the skills to take advantage of opportunities made available through broadband are crucial to being able to participate fully in our society and our economy.

In MMTC’s recent white paper on broadband policy, we reported that despite slight gains in minority broadband adoption since 2005, African Americans and Hispanics are still under-adopting when compared to Whites. Demand for broadband continues to be stifled by lack of perceived relevance and digital literacy, which remain primary barriers to broadband adoption for African American and Hispanic non-adopters.

To ensure that digital inclusion remains a policy priority, Congress should work towards creating a flexible legal and regulatory framework of oversight for broadband that maintains the goals of preserving an “open Internet” and increasing broadband adoption. Broadband growth and technology innovation have been the key drivers for greater digital engagement by all citizens, particularly people of color and other marginalized populations. Over the last decade, the market for broadband services has blossomed due to the long-standing, minimalist

---

16 See David Honig and Dr. Nicol Turner-Lee, Refocusing Broadband Policy: The New Opportunity Agenda for People of Color, MMTC White Paper (Nov. 20, 2013), p. 7 (“MMTC White Paper on Broadband Policy”). According to Pew’s research, 24 percent of Hispanics are non-Internet users as compared to 15% of African Americans and 14% of Whites are not getting online. See id.

17 See id. at 8 (“Among non-Internet users, recent Pew research found that 15% of American adults over the age of 18 were not online. According to this data, 34% of non-Internet users reported that the Internet was just not that relevant to them, pointing to the lack of interest, desire and need for it as the main reasons for lack of a connection. Digital illiteracy was cited by 32% of survey respondents as to the reason for their lack of a connection, while 19% cited the expense of service and/or computer as another reason for not getting online.”)

18 See id. at 13.
regulatory approach to broadband policy. Championed by former FCC Chairman William Kennard, the light touch approach to Internet regulation has led to both continued investment in infrastructure and rapid deployment of next-generation wireline and wireless networks to nearly every part of the country. Today, the vast majority of households in the U.S. are served by broadband ISPs, with most having multiple wireline and wireless options. Equally as important, the quality of broadband service – measured in terms of speed, the range of offerings and other factors – has greatly increased, and prices have fallen.

It is essential that the nation continues to deploy and drive the demand for broadband services, and it is equally essential that Universal service and equal access to communications technology and media remain at the core of communications policy initiatives. For people of color, first-class digital citizenship means full access to the opportunities powered by broadband and the Internet, especially those applications and Internet-enabled devices that drive physical wellness, wealth creation, educational readiness and civic engagement. The experimentation and implementation of broadband-enabled platforms that modernize educational systems, facilitate telemedicine innovation, and expand employment and entrepreneurship opportunities should be supported, especially as more populations seek social and economic supports online, rather than in line.

---

19 See id. at 9.
20 See id. at 12.
25 See id. at 5.
III. PROTECT UNIVERSAL SERVICE PROVISIONS AS A MEANS TO CORRECT MARKET FAILURES AND GUARANTEE ACCESS AND OPPORTUNITY FOR UNSERVED AND UNDERSERVED INDIVIDUALS, SCHOOLS AND LIBRARIES, AND COMMUNITIES.

The Commission was created to regulate commerce in the communications industry “so as to make available, so far as possible, to all people of the United States, without discrimination [...] a rapid, efficient, Nation-wide, and world-wide wire and radio communications service with adequate facilities at reasonable charges....”  

For this reason, the concept of universal service was written into the legislation that established the Federal Communications Commission and later codified in the Telecommunications Act of 1996.  

Congress should continue to protect Universal Service Fund (USF) programs that ensure access to rural healthcare and advanced telecommunications capabilities for low-income consumers and rural communities, and schools, libraries and community centers. Despite recent attempts to incentivize investment and innovation to all Americans, there will likely be communities – including low-income and rural communities – where the business case for broadband service fails.

Over the past few years the Commission has been diligently working to successfully modernize its universal service programs under the statutory framework set forth in the current Act. MMTC has firmly advocated for the inclusion of broadband capabilities in the Commission’s low-income Rural Health Care Program, Lifeline/Link Up, and E-rate programs as strategies for narrowing the digital divide.

29 The Rural Health Care Program, another critical universal service provision, is still in need of funding to facilitate telemedicine and telehealth applications. Enabling a reciprocal, remote relationship between patients and doctors, the Rural Health Care Program is an asset for vulnerable populations whose distance from medical facilities often limits their access to quality care. Telemedicine and telehealth services are cost-effective solutions that potentially foster improved life choices and outcomes in rural, remote and even densely poor urban communities. A modernized communications act should parallel advancements in health care and medical provision and ensure benefit to more individuals and states.
30 MMTC continues to support the modernization of Lifeline/Link Up to support broadband capabilities as a way to narrow the digital divide. See e.g., Comments of the Minority Media and Telecommunications Council, Lifeline and Link Up Reform and Modernization, WC Docket
We urge Congress to continue to support these programs that provide all Americans with a crucial on-ramp to our networks and the ability to participate as first-class digital citizens. Taken together, these USF programs will help to accelerate ubiquitous broadband access for individuals and communities, while enhancing consumer welfare.

IV. CLARIFY LAWS THAT IMPACT DEVELOPMENT OF BROADBAND INFRASTRUCTURE TO ENSURE ECONOMIC DEVELOPMENT AND CONSUMER ACCESS IN UNDERSERVED COMMUNITIES.

In creating a new Act, Congress should do a comprehensive review of the statutory and common laws that impact development of our networks.

The broadband ecosystem consists of interrelated parts that act holistically to energize high-speed broadband networks, deliver content over those networks and ensure that process is repeated without negative consumer impacts. Broadband infrastructure – the backbone of this new digital economy – lays the foundation for the ecosystem.


31 E-Rate reform presents another vital tool to engender first class citizenship among school-age children. Specifically, MMTC urges Congress to continue to support the Commission’s efforts to fund deployment of high-speed, high-capacity broadband schools, classrooms, libraries, and computer labs while ensuring equitable access to funds for low-income and rural schools. See MMTC E-Rate Comments. Increased capacity gained through modernization of this program will address the technology needs that are not being met under the current regulatory structure. See id. at 2 (“... nearly eighty percent of E-rate school and library participants surveyed reported that their broadband speeds did not fully meet their technology needs. This disparity becomes even greater when community income is taken into account.”). The government should also be careful to ensure that E-rate funds do not increase service costs to the detriment of broadband adoption or infringe upon other USF programs, especially Lifeline/Link Up, as they evolve to provide broadband support for low-income consumers. See id. at 10.

32 Given the vital role of networks to the national and global economy, Congress should use the modernization of the Communications Act to ensure that the architecture for future network expansion: 1) provides opportunities for participation in the spectrum allocation process and does not concentrate spectrum licenses in the hands of a few carriers; 2) encourages diverse participation in network infrastructure build out, and promotes or encourages economic development in communities that are most in need of the jobs and business opportunities that accompany network infrastructure build out; 3) prohibits discrimination in broadband deployment by building networks only in wealthy portions of local communities; and 4) promotes network management policies that improve efficiency and spur innovation.
While past network innovation spurred access to increased opportunity, the current network transformation is driving our economy. As FCC Chairman Tom Wheeler recently summarized, our network revolution is inherently distinct from past network revolutions:

Whereas earlier networks enabled the economic activities of their eras, our network revolution defines virtually all aspects of our current economy. In the process, it places even greater importance on the role Congress has given the FCC to protect, ‘the public interest, convenience, and necessity’ of the nation’s networks.  

It has been reported that, over the last few years, wireline and wireless providers have invested an average of $60+ billion annually in maintaining and improving their network infrastructure. In order for this trend to continue, Congress should do a comprehensive review of the statutory and common laws that impact broadband infrastructure and spectrum policy to clarify authority and resolve barriers to infrastructure build out. Broadband should be geared to promote investment and buildout of networks to ensure access in underserved communities.

In addition to looking at laws that prompt broadband investment and buildout, Congress should also be aware of the dangers of digital redlining, whereby infrastructure placement and capacity upgrades do not occur in low-income and minority-neighborhoods. As revisions to the Telecom Act are debated, Congress must ensure that digital redlining that intentionally passes over or avoids infrastructure build out in certain zip codes will not be tolerated.

---

34 See MMTC White Paper on Broadband Policy at p. 9.
35 One example that has been brought to our attention is Section 332, which preserves state and local authority over wireless infrastructure siting, the interpretation of which has caused some obstacles to wireless buildout. See 47 U.S.C. §332(c)(7). “Except as provided... nothing in this chapter shall limit or affect the authority of a State of local government or instrumentality thereof over decisions regarding the placement, construction, and modification of personal wireless facilities.” 47 U.S.C. §332(c)(7)(A).
CONCLUSION

Going forward, MMTC desires to work with Congress as it begins this journey to revisit the 1996 Telecommunications Act. As suggested in our comments, developing a culture where diversity and minority ownership are critical to the final product ensures that the burgeoning opportunities of the 21st century become realities for all citizens of our nation. As our daily practices and creative imaginations become more enriched because of these robust networks, diversity inclusivity must undergird all parts of the Act to enable participation and ownership among people of color.

Respectfully submitted,

David Honig

David Honig
President
Maurita Coley
    Vice President and COO
Nicol Turner Lee, Ph.D.
    Vice President and Chief Research & Policy Director
Jacqueline Clary
    John W. Jones Fellow
Minority Media and Telecommunications Council
3636 16th Street NW, Suite B-366
Washington, D.C. 20010
(202) 332-0500
dhonig@crosslink.net

February 4, 2014