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Sterling answers your questions about Non-Commercial versus Commercial FM Broadcasting...

FM radio offers a unique opportunity for businesses & ministries today. Most people new to radio are confused by the differences between non-commercial and commercial radio. If you wonder which type offers the best opportunities for you, we invite you to read on.

Differences between Non-Commercial and Commercial Radio

Commercial is generally very easy for people to understand. Commercial Radio sells advertising using a sales force, charges promotional fees, and involves itself in many ways of profit making business.

Most people do not realize that Non-commercial FM stations are very similar in practice except that all of their income is turned back into the corporation for station growth, upgrades, repairs, salaries, etc. so that the station will never realize a profit. All income is re-invested into the corporation. Non-comms differ from commercial FM stations primarily in that they are not permitted to accept revenue in exchange for broadcasting "spots" (announcements advertising goods and services), yet they may charge for broadcasting programs. The licensee of a non-commercial educational FM station is expected to provide a broadcast schedule that is "non-commercial". Remember, the Congress ordered the FCC to find a way to reserve some channels in the new FM service for educational, instructional, and cultural purposes. The method chosen by the FCC requires that an applicant for one of the reserved channels form a non-profit that is educational in nature.

Non-profit Advertising Allowed - The reduction of federal subsidies to Non-Commercial Educational stations has resulted in significant reductions in the funds available to establish new stations and for the operation of existing stations. The FCC, recognizing

The History and Development of the FM Spectrum:

In the 1940's Congress watched with concern as schools, colleges, and universities were driven from the AM radio band in the early days of radio. As a result, Congress ordered the Federal Communications Commission (FCC) to implement a policy which would allow educational broadcasters, and commercial broadcasters to establish themselves without competing for channels on the newly created FM band. The FCC responded by reserving the first twenty channels (**88.1 through 91.9 Mhz**) of the FM band for educational broadcasters.

There was much enthusiasm for the new medium. However, with the outbreak of World War II development of FM was halted. After the war, television became the dominant medium, and AM began its period of decline. Interest in FM diminished and development all but ceased.

With the 1960's came a renewed interest in FM broadcasting. The AM broadcast band had become saturated, and the FCC adopted standards for FM stereophonic sound, and thus began a period of rapid growth that continues today.

Like its predecessor, AM radio, the FM radio band is filling up. What is unique, is that while FM radio is enjoying a period of tremendous growth and commercial success; opportunities for frequencies exist because channels were "reserved" for applicants who will offer educational, instructional, and cultural programming. By including these programs in their schedules, schools, churches, and other non-profit groups are establishing FM stations in ever increasing numbers. And thanks to a ruling in the early 80's called "Docket 80-90", commercial channels that were unavailable prior to the ruling, are now able to be utilized.

The opportunity for establishing a FM radio station, increased by the Docket 80-90 rules of the 80's, and now again in the late 90's with the new Low Power FM proposal substantially raise the number of FM radio channels available.

ing the financial difficulties that existing non-commercial educational stations were facing, has liberalized its rules regarding the broadcast of announcements and programs for compensation.

Presently, non-commercial educational stations may accept advertising for goods and services provided by non-profit organizations. As well, they may receive underwriting and sponsorship spots from national and local businesses to pay for programming. Stations may accept donations from members of the general public and from businesses. Individual donors may be identified by their name, address and a description of their products and services. An example of the extent of this liberalization may be seen by viewing any non-commercial educational "public television" station.

Non-commercial educational FM stations operated by churches, schools, and organizations interested in educational formats, have benefitted from the FCC policy changes. **Local businesses are now potential sources of revenue, and the station can now provide a useful promotional service in return. Programs produced by others may be broadcast, and the cost of airing the programs may be charged to the entity supplying the program.**

Examples of Non-Comm. Advertising:

"The following programming is sponsored by, home of the..., located at....."

"Funding provided by ..."

"This hour of music was made available by The Univ. of ..., The Robert Jones Singers will be appearing in concert at the Univ. of on Sat. night, April 15 at 8 pm..."

"We appreciate the contributions of"

"The sponsor of our program offers additional helps by inviting you to attend"

"The Little Theatre downtown is putting on a series of two act plays featuring the work of Mary Beth Mather. For time and ticket info. please call"

"Our local Coca Cola Bottling Company sponsors this hour of programming and is also the host of this years THREE STATE/THREE MOUNTAIN CHALLENGE."

When choosing between a non-commercial channel or commercial channel it's important to determine which will best suit your purposes.

Let's review the differences & similarities:

(1) Non-commercial educational stations cannot accept compensation for advertising in the manner commercial stations do.

(2) Non-commercial educational stations must include educational, instructional, and cultural programming in their schedules. Generally one percent of the total program schedule is acceptable to the FCC.

(3) Local businesses are now potential sources of revenue for non-comm stations, and the station can now provide a useful promotional service in return.

(4) Programs produced by others may be broadcast, and the cost of airing the programs may be charged to the entity supplying the program.

(5) Unlike commercial FM channels, there is less competition for non-commercial educational FM channels. There are, therefore, fewer instances when a FCC hearing is required to determine a winner among competing applicants.

(6) Though non-commercial educational FM channels comprise only twenty percent of available channels, there are generally more opportunities for new stations. This is because ownership is restricted to non-profit educational entities.

(7) Both may broadcast the same type of news, sports, weather, and music programming.

(8) A non-commercial educational FM station will have the same coverage as its commercial counterpart with comparable transmitting facilities.

(9) Both may generate income through the broadcast of announcements and programs.

(10) Equipment, staffing, and operating requirements are essentially the same.

Which to Choose?

What then should be your choice? Non-commercial educational or commercial? If you are interested in owning a FM radio station, it doesn't make much difference. You can be successful with either. The choice is more often determined by the type of the available channel.

Commercial FM channels are governed by a table of assignments, by which the FCC allocates channels for individual communities. These channels are then auctioned to

the highest bidding Applicant. Non-commercial channels are awarded based on a points system from the "Comparative Hearing Standard" such as local ownership, ownership integrated into management, minority ownership, coverage, etc.

When you contact Sterling about owning a FM radio station, we help you make decisions concerning these many questions which must be considered. We will check the FCC table of assignments to see if an unused and already assigned channel could serve your purpose. If the answer is no, a computerized FM Frequency Search is necessary to determine whether there is any available channel which could be used. Please review our "**Project Schedule**" for more information about FM searches.

*The purpose of this material is to answer your questions and
kindle your interest in owning a FM radio station.
Are there questions we haven't answered? Write or call STERLING today.*



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