

Cutting the Cord on Cable's Retransmission Consent Claims

Cable and other pay-TV providers frequently distort the facts on television carriage. Their claims mask the simple reality that for years they have over-valued rarely watched cable programming and have under-valued the most watched broadcast programs. Now that the marketplace is adjusting to achieve a fairer balance, they claim the law is broken and that they are at a disadvantage. That's simply not true, and this document sets the record straight.

What They Say...

Retransmission consent negotiations amount to the government picking winners and losers.

Cable should be allowed to bring in an "out of market" signal.

Broadcasters enjoy basic tier placement and service package benefits.

Must-carry rules force cable to carry stations in "low demand."

No rule prevents broadcasters from threatening to pull a signal before a major television event.

Broadcasters increasingly threaten service disruptions, denying viewers access to popular programs.

In The Real World...

Retransmission consent negotiations are private, marketplace discussions that occur between companies. Cable continues to lobby the FCC for government arbitration and forced signal carriage while lobbying Capitol Hill for "deregulation."

Cable is asking for extra leverage during negotiations that would undermine a TV station's ability to serve its local community.

Broadcast programming is by far the most watched by viewers (but also the least compensated) and cable uses this programming to attract and retain new subscribers.

There is public value in local communities having access to local stations and diverse programming. Moreover, viewers are regularly forced to accept and pay for many cable-owned channels they do not want.

Retransmission consent contracts generally span three to five year periods and are calendar based, not tied to content or programming. The end date is agreed to by both parties.

Many months before a contract expiration, broadcasters typically reach out to pay-TV carriers to begin negotiations. In the unlikely event that agreement cannot be reached before the contract expires, viewers can still access their local channels for free over-the-air.

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What They Say...

Carriers have little choice but to capitulate to broadcasters' demands.

The government should step in to prevent signals from being dropped through measures like forced interim carriage.

Service agreements among local broadcasters give them enormous leverage in carriage negotiations.

Service agreements don't benefit viewers.

Broadcasters are slashing newsrooms yet want to extract exorbitant rates from pay-TV subscribers.

Cable can't insert advertising on broadcast signals.

The retransmission consent rules do not reflect the competition in today's video marketplace.

Retransmission consent costs lead to higher costs for consumers.

In The Real World...

Pay-TV companies should negotiate in good faith well in advance of deadlines so as to avoid any potential for a disruption in service.

Government involvement in the private marketplace and potentially overriding business to business agreements is ill advised, particularly when the current process works well more than 99% of the time.

Cable systems will at times negotiate collectively with a local TV station, but at the same time claim it to be unfair for a local station to do it.

Service agreements have enhanced local news coverage in many small and medium sized markets across the country.

In 2011, the average television station set a new record for the amount of local news aired and the amount of local television newsroom jobs was at a near-record high.

It is common for retransmission consent negotiations and contracts to include advertising placement for both parties.

Despite new competition, broadcast programming is still by far the most in demand, and program ratings are significantly higher than programming offered by cable. However, cable pays less to broadcasters than providers of lower rated programming.

Fees to retransmit programming account for only two cents of every dollar of cable revenue. With cable profits rising five times as much as their programming expenses, it's not hard to figure out who is behind the rising costs.

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