

**Written Testimony of
FRANK FLORES
Before the House Committee on Oversight and Government Reform
December 2, 2009**

1. I am the Chief Revenue Officer of Spanish Broadcasting System ("SBS") based in New York. SBS is the largest publicly traded Hispanic-controlled media and entertainment company in the United States. SBS owns and operates twenty radio stations in the Hispanic markets of New York (including New Jersey), Los Angeles, Miami, Chicago, San Francisco, and Puerto Rico, including the number-one Spanish language radio station in America, WSKQ-FM in New York City, as well as four of the top seven rated radio stations airing the Tropical, Mexican Regional, Spanish Adult Contemporary, and Hurban (Hispanic-Urban) format genres.

2. I submit this testimony to detail the effect Arbitron's commercialization of PPM data has had on SBS's radio stations.

3. The key metric for buying and selling advertising in the broadcast radio industry is the Average Quarter Hour (AQH) rating. This metric is calculated by taking the average number of persons listening to a particular station for at least five minutes during a fifteen minute period and expressing it as a percentage of the population in the region. For example, if 10,000 people listen to a station for at least five minutes between 9:00 and 9:15 and the metro area has 1,000,000 people, the station's AQH rating is 1.0.

4. Below are two tables showing the change in weekday AQH ratings for two of SBS's stations, WSKQ-FM and WPAT-FM, in the Adults 25-54 age group since the commercialization of PPM:

WSKQ-FM

Time Slot	Spring Diary Rating	Aug-Oct PPM Rating	% Difference
M-F 6AM – 10AM	1.2	0.3	-75%
M-F 10AM – 3PM	1.2	0.7	-42%
M-F 3PM – 7PM	0.7	0.5	-29%
M-F 7PM to 12AM	0.4	0.2	-50%

WPAT-FM

Time Slot	Spring Diary Rating	Aug-Oct PPM Rating	% Difference
M-F 6AM – 10AM	0.8	0.2	-75%
M-F 10AM – 3PM	0.7	0.2	-71%
M-F 3PM – 7PM	0.7	0.2	-71%
M-F 7PM to 12AM	0.3	0.1	-67%

5. When a rating decreases by 50%, the amount that an advertiser will pay to purchase an advertising spot during that time slot ordinarily decreases by at least the same amount. In addition, some advertisers only purchase time on the top five or ten stations in a market. Thus, if a station drops out of the top ten, it will not receive any part of some advertising buys.

6. In our advertising negotiations since Arbitron commercialized the PPM data, the average price of advertising on WSKQ and WPAT has decreased by between 20% and 30%. Based on my experience and expertise, I believe that the decrease would have been even larger had the New York Attorney General's office not warned

advertisers that Arbitron's PPM ratings may suffer from fundamental flaws and had the FCC, United States Congress and the New York City Council not made the industry aware of the inaccuracies in Arbitron's PPM data.

7. Based on my experience and expertise, I believe that if the current PPM methodology remains in use, our loss of revenue will be continue to be greater than our general market counterparts.

8. As a result of the commercialization of PPM, SBS has already downsized its current staff by more than 25%, and if the current PPM methodology remains in use, further downsizing might be forthcoming.

9. Let me further state that our entire industry has been affected by the economy and some will say that the economy in large part is solely responsible for the downtrend in our business but there can be no argument that the ratings produced by the PPM methodology has also added greatly to our inability to price our inventory on a competitive basis lending to these historic declines in revenue.

10. In closing, the fact is that our business, the business of minority broadcasting, has been unfairly affected by the implementation of the PPM. We as a company are committed to finding a way to resolve our issues for the betterment of our company and our ability to serve our community. We are hopeful of working with all parties – including Arbitron – to find these solutions. Our goal is to achieve a more accurate and stable result in ratings that reflect a more representative count of all minority listeners. The best way, in our opinion, would be MRC accreditation in all PPM markets and we are resolute in making that our eventual goal.