

OFFICE OF COMMISSIONER JAMES H. QUELLO

To: Dave Stockman
Constance Horner

Oct. 28, 1983

Re: Outline Summary and Request for Funds for
Public Broadcasting

TCAF (the congressionally instituted "Temporary Commission on Alternative Financing for Public Telecommunications") has completed a two-year study of 33 alternative means of financing including limited advertising. We submitted the required report to Congress October 1st. The report was unanimously and enthusiastically approved by FCC Chairman Mark Fowler and the FCC Commission. All of us are Reagan appointees.

After numerous meetings, surveys, dialogues and reports concerning all facets of possible funding, we had to conclude that none of the alternative funding possibilities is preferable to traditional federal funding as a means of preserving the character and viability of the existing public broadcasting system. Equally important, there are no substantial alternatives that can be in place in the foreseeable future.

Our recommendation to Congress was, first and foremost, renew public broadcasting's authorization for three years, 1987 - 1989, and maintain the advance appropriation procedures that afford insulation and aid program planning.

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The only alternative funding source which conceivably could provide significant funds to support public broadcasting's distinctive service is commercial type "limited advertising." Only NTIA voted for this option (vote: 11 - 1).

The committee, in my opinion, wisely voted to "continue the existing prohibition on advertising unless it can be clearly established that overall benefits will exceed the costs."

The general benefit of limited advertising will be difficult to establish for the following reasons:

- Many states and many individual public and educational stations do not permit advertising by their own statutes or articles of incorporation;
- The preferred treatment public broadcasting receives in copyright agreements, union and labor rates and state and national taxes would be jeopardized;
- Underwriters of complete programs would probably resent commercials adjacent to their underwriting or any commercial identification around the quality programs they make possible;

- The character of public broadcasting would change or be threatened. Public broadcasting was founded as a distinctive, distinguished alternative program service, free of the usual "cost per thousand" influence or requirements of commercial broadcasting; and

- Advertising on public stations would incur the active nationwide opposition of commercial TV and radio stations. It is reasonable to assume there would be considerable resentment against agencies or parties authorizing advertising.

In the past increased federal funding has acted as a "seal of approval" for independent, quality programming and has always generated increased non-federal funding support from individual subscribers, state and local governments, and foundation grants.

It is true the ELRA survey report conducted during the advertising experiment indicated acceptance by the viewing public. However, ELRA did not measure or analyze the problems listed above. Also, ELRA specifically could not analyze or estimate the long range impact of advertising.

There is an unfortunate perception that the administration is anti-public broadcasting. I'm doing my best to dispel or neutralize this misperception.

Public broadcasting is guided and supported by thousands of Republicans, conservative Democrats and independents serving on individual boards of the stations throughout the nation.

Dave Markey, head of NTIA, although dissenting to the limited advertising exclusion in the TCAF report, was cooperative throughout the study, and he and his staff were congratulated for exceptional performance.

Public broadcasting is delighted that Mrs. Reagan is serving as host of probably the largest programming and public affairs project in the history of public broadcasting. (See attached folders with photos of Mrs. Reagan on the Chemical People, a two-part program launching a war on school-age drug and alcohol abuse.) Over 10,650 town meetings will be conducted by 265 public TV stations Nov. 2 and Nov. 8, 8 pm. Over 35 civic organizations are participating with over 50,000 volunteers, including government leaders and sports and entertainment celebrities. For example, there will be 1,162 town meetings in California, 875 in Texas (some in Spanish), 291 in Michigan, and 116 in Virginia.

This is a plea for OMB support in our efforts to regain the momentum for public broadcasting.

It would be a happy ending at a critical time if OMB itself would act on TCAF's recommendation and reauthorize federal funding for 1987 through 1989.

The amounts critically needed are:

1987 -- \$250,000,000
1988 -- \$275,000,000
1989 -- \$300,000,000

Bruce Christensen, President of NAPTS and Ed Pfister, President of CPB, would welcome an opportunity to provide comprehensive facts supporting the reauthorization.

Jim
James H. Quello, Chairman
Temporary Commission on
Alternative Financing for
Public Telecommunications

(Member, Federal Communications Commission)