

Address by FCC Commissioner James H. Quello  
before the  
Conference of WPBT (Channel 2), Miami, Florida  
December 17, 1982

I am delighted to be here. Your invitation couldn't be more opportune.

First, TCAF and the advertising experiment are progressing well -- I welcome the opportunity to present a brief update on developments and expectations.

Second, WPBT is a respected leader in public broadcasting and a stellar participant in the advertising experiment. I'm happy to be here to exchange viewpoints with George Dooley and his distinguished board.

Third -- and extremely timely -- the current issue of TV Guide, the largest circulated publication in America, has a lead article titled "Public TV: Why Reports of its Death Seem Premature" with a subtitle "Though Times are Tough, Public Television Appears to be Coping with Heavy Budget Cuts and the Challenge of New Technologies." The article is accurate, comprehensive and positive. I could say "Read it -- I'll answer any questions you may have -- end of speech." But don't look so relieved. I feel compelled to do a little more to earn my keep here, so here is a fourth...

Fourth, and this may be considered bad news here, it is unlikely the advertising experiment will be extended. There are not enough votes in TCAF to recommend it and probably not enough votes in the communications committees of the House and Senate to support it. This may not be all bad considering the complications of extending union and copyright clearances plus the extension of the ongoing survey and the consequent delay in the final TCAF report with its recommendations.

Hopefully, recommendations in that final report will result in positive measures to assure funding for the maintenance and growth of public broadcasting. That additional funding can't be delayed. It is already overdue. WNET, New York, the proud flagship of public television, is under financial siege; KCET, Los Angeles, is financially distressed -- it has reduced staff by eighty people, drastically reduced production and tried to sell its building. These are the two largest -- there are many more financially distressed stations having great difficulty in maintaining their commitment to quality and diverse programming.

We are at a crucial crossroad in the history of public broadcasting. It is facing severe reductions in financial support from the federal Treasury and competing with a growing technological onslaught of multiple channel cable, STV, MDS, cassettes, video discs, low power TV and eventually DBS -- mostly all pay services.

The Congress showed an appreciation of the critical financing problem when it enacted the Public Broadcasting Amendments Act of 1981 and established the Temporary Commission on Alternative Financing for Public Telecommunications.

That action constituted the first time in the history of public broadcasting that a special commission was established by Congressional statute to thoroughly consider all fundamental funding strategies for public broadcasting.

The legislative mandate to the new commission was both broad and specific. It sought answers to questions that perennially surround public broadcasting support. It invited new ideas, it sought direction and authorized a commercial experiment. It also put all of us on a short leash. We quickly initiated a Notice of Inquiry to examine every possible funding source and we embarked on negotiations with unions and copyright holders to allow clearance for the advertising demonstration. Most of the ten stations selected for the advertising experiment necessarily started late.

The results of the comprehensive inquiry were published by the FCC and later printed by the Government Printing Office for Congress.

The initial report listed thirty-three options for alternative funding. Some of the options not requiring legislation have already been initiated.

You might ask what specifically has the FCC done to implement the initial recommendations from TCAF?

Well, I am very pleased to note that the Federal Communications Commission acted promptly on the recommendations of the Temporary Commission contained in the First Report.

First, the Commission has initiated two rulemakings which together would permit commercial use of the SCA by noncommercial FM stations. (The comment periods are closed in these proceedings except for the single issue of FM subcarrier paging uses. On that, reply comments are due by January 16, 1983.) If deregulatory proposals are adopted, SCA could play a significant role in raising funds for beleaguered public FM stations.

Second, the Commission has initiated a rulemaking to examine whether to permit STV operation by noncommercial stations. (Reply comments were due December 10, 1982.) Action is expected in early 1983.

Third, the Commission has completed a review of its rules concerning on-air fundraising by noncommercial stations. The Commission conformed its rules to the generally liberalized provisions contained in the Public Broadcasting Amendments Act of 1981 to allow promotional announcements.

Fourth, the Commission recently initiated a rulemaking which proposes to lower the UHF receiver noise figures from 14 db to 12 db.

Fifth, the Commission staff is aware of the TCAF recommendation that public TV stations be authorized to offer teletext without restrictions on payment. The proposed FCC teletext decision will deal with this issue.



Sixth, there is an ongoing proceeding concerning the fate of the channels now reserved for ITFS use, and I can assure you that every effort is being made to fully consider the interests of the public broadcasting community in this proceeding. I personally believe there is a heavy burden of proof on commercial entrepreneurs to show that public interest would be better served by allocating ITFS channels to pay services rather than educational purposes.

Finally, regarding restrictions governing commercial use of satellite transponders and earth station facilities by public radio and TV licensees, the Common Carrier Bureau in June modified all public broadcasting earth station licenses to delete restrictions which precluded commercial non-broadcast use.

In regard to ongoing research being conducted by the Temporary Commission, the Temporary Commission's staff has commenced a preliminary examination of the effectiveness of other trust funds, including the National Highway Trust Fund. Regarding tax credits, I have written to the Deputy Assistant Secretary of the Treasury for tax analysis asking for assistance in evaluating the potential revenues available from tax credits. At this time, it is my belief that FCC examination without an outside survey of these proposals will be sufficient and that reports by independent contractors on these issues will not be solicited.

Incidentally, my personal recommendations in my report to Congress stated:

After thorough reflection over this report, I must conclude that none of the alternative funding recommendations are preferable to the traditional funding procedures to preserve the character and viability of the existing public broadcasting system.

Most of the thirty-three various options for fundraising represent supplemental rather than alternative funding. There are practically no substantial alternatives that can be effectively in place in the next three years. Thus, there are no likely alternatives in the short term of three or four years and no preferable alternatives in the foreseeable future.

However, there are practical means to reduce and possibly eliminate the need for indefinitely continued federal funding, but it will require positive, difficult to enact legislation. In my opinion, the most viable alternatives for Congressional support would be:

- (1) A tax credit for contributions to public broadcasting; and
- (2) An excise tax on the sale of new television and radio receivers-- looking toward creation of a public trust fund whose proceeds could supplant direct federal contributions.

As to the advertising experiment, the jury is still out. Initial reports indicate the limited advertising scheduled on public TV is being well received by public television's viewers and subscribers. TCAF has received a draft preliminary report from its contractor (the ELRA Group) discussing pre-test results of

viewer and subscriber attitudes toward advertising. One significant finding in the preliminary report states: "Over four-fifths (81.1%) of the non-viewers agree, three-fourths (77.1%) of the viewers, and 63.4% of the subscribers agree that public TV stations should be permitted to carry advertising if it helps to maintain present programming." However, before arrival at any conclusive findings, TCAF must study the full final reports from the stations and ELRA.

In order to better analyze the overall effect of advertising on programming, TCAF will select a composite week, similar to license renewal, for which stations will submit appropriate logs. Stations will receive the composite week in June 1983.

I realize we all must be concerned with the possible effect of advertising and other additional fundraising authorizations on the character and programming of public TV, but there is a larger overriding concern -- the very survival of public broadcasting and its distinctive programming. If the options eventually become public broadcasting with limited advertising and other additional funding or no public broadcasting at all, the choice becomes obvious -- public broadcasting with limited advertising may be better than no public broadcasting.

Before closing, I'd like to state that support for public broadcasting transcends political party lines. The NTIA dissent to the initial TCAF Report was construed by some as further evidence of administration opposition to public broadcasting. Yet Mark Fowler, the Administration's FCC Chairman, has been strongly supportive of TCAF and public broadcasting. Then, too, NTIA has been an active, constructive participant in TCAF meetings and studies. It had a right to express its minority viewpoint.

I also want to mention that TCAF is most fortunate in having the active, positive participation and guidance of Congressmen Al Swift (D) and Tom Tauke (R) who have attended every meeting of TCAF.

As critical as times are for public broadcasting, I like the TV Guide headlines: "Public TV: Why Reports of its Death Seem Premature." I know that all of us, the boards and supporters of public broadcasting, TCAF, and the FCC, working together can generate the essential support from Congress and transform the TV Guide headlines into a reality of not only public broadcasting survival but of growth and further distinguished service in the challenging years ahead.

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