

Article for Broadcast Daily
"The Public Broadcasting Crisis"

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Public broadcasting is at a crucial crossroads. 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 Congress to thoroughly consider all fundamental funding strategies for public broadcasting. The Temporary Commission is composed of key executives of all segments of public broadcasting plus two members each from the communications subcommittees of the Senate and House.

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, 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 experiment ends June 30th, with a final report to Congress due October 1, 1983.)

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The results of the comprehensive inquiry were published by the FCC last summer and later reprinted 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.

The FCC acted promptly on the recommendations of the Temporary Commission contained in the First Report.

First, the Commission initiated two rulemakings which together would permit commercial use of the SCA by non-commercial FM stations. If deregulatory proposals are adopted, SCA could play a significant role in raising funds for beleaguered public FM stations, as well as supplying numerous new revenue services for commercial FM.

Secondly, the Commission initiated a rulemaking to examine whether to permit STV operation by non-commercial stations. This is due for Commission decision this year.

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

The Commission also initiated a rulemaking which proposes to lower the UHF receiver noise figures from 14 dB to 12 dB. Approximately 65% of public TV stations are UHF.

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.

There is an ongoing proceeding concerning the fate of the channels now reserved for ITFS use. 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 the 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 last summer modified all public broadcasting earth station licenses to delete restrictions which precluded commercial non-broadcast use.

Ongoing research is being conducted by the Temporary Commission the effectiveness of a national trust fund as a financial tool. I have also 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 the report to Congress last summer 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 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, TCAF must study the final reports from the participating stations and ELRA before reaching conclusions and submitting its final report to Congress in October.

Recommendations in that final report should result in positive measures to assure funding for the maintenance and growth of public broadcasting. That additional funding cannot 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 difficulties in maintaining their commitment to quality and diverse programming.

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 dates of the composite week in June 1983.

I realize our Commission must be particularly concerned with the possible effect of advertising and other additional fundraising authorizations on the character and programming of public TV. I do not believe any government agency should attempt to define the character of public broadcasting. Public television's experimental and pioneering nature, in fact its First Amendment freedom, could be threatened by any government effort, however well intended, to prescribe what should constitute public television programming.

I do think the essence of public television lies in its "non-commercial" quality. Public television does not evaluate a program's success strictly by its ratings or cost-per-thousand efficiency. Nevertheless, it would be naive to suggest that commercial interests are not important in public television programming decisions. Many of the same corporations which support commercial network fare also play a significant role in financing public television through program underwriting. Federal funds and other strictly public sources have never totally supported public television.

Satisfying an important segment of viewers has always been essential to paying the bills. Attracting viewers encourages both subscriber contributions and corporate underwriting, and it is not inimical to basic government support.

I suggest that the unique character of public broadcasting does not result from any total separation of public broadcasting from all commercial considerations. Instead, I believe its nature can be traced to a delicate balance of influence among its varied sponsors, which include federal, state and local government;

non-profit foundations; colleges and universities; and individual subscribers; as well as local businesses and large corporations. So long as no one interest dominates programming decisions, the system will maintain its variety and its commitment to excellence in public service.

I agree with those who are concerned about additional commercial influence of public television. However, there is a larger overriding concern -- the very survival of public broadcasting and its distinctive programming. If the options eventually become public broadcasting with expanded ID's for corporate underwriters or even limited advertising, or no public broadcasting at all, then the choice becomes obvious.

The Temporary Commission, representing key segments of government and public broadcasting, is dedicated to solving the financial crisis. 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. I also want to acknowledge the strong support FCC Chairman Mark Fowler has accorded to TCAF and public broadcasting.

As critical as times are for public broadcasting, I agree with the headline of a TV Guide story published last December: "Public TV: Why Reports of its Death Seem Premature." I believe the boards and supporters of public broadcasting, TCAF, and the FCC, working with Congress, can generate the essential support to assure not only public broadcasting's survival but its growth and further distinguished service in the challenging years ahead.