

LUNCHEON REMARKS
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I'm pleased to be back in my home state of Michigan and especially pleased to be in Grand Rapids, home of President Jerry Ford, a great friend, who played a vital role in my initial appointment to the FCC in 1974. In fact, the entire congressional delegation from Michigan was instrumental in my appointment and confirmation.

At that time I didn't know what I was getting myself into. First, a record-breaking eight day Senate confirmation process. (Incidentally, the last two Senate confirmations went somewhat better -- they averaged 22 minutes each. **Insert amusing anecdotes of the confirmation.**) Then I joined an FCC engulfed in regulatory problems, challenges and crises. In fact, I was once introduced before making a speech titled: "FCC - From Crisis to Crisis" by an old friend stating "The crisis situation has become so pervasive at the FCC, it has caused our speaker today many a sleepless afternoon." Of course, he wasn't from a regulated industry, etc.

I am especially pleased to have this opportunity to exchange views with my many friends of public broadcasting. As you can appreciate, Commissioners are not supposed to have specific constituencies -- our only constituency is to serve the public

interest as we each perceive it. However, if we were allowed to claim or serve a constituency, I would name public broadcasting as mine.

From the problems faced and mutual understanding developed with public broadcasting executives during my chairmanship of TCAF, I developed a firm conviction that public broadcasting distinctively implements the public interest that Commissioners are appointed to serve. TCAF, as most of you know, was the congressionally constituted Temporary Commission on Alternative Financing for Public Telecommunications." Yet, public broadcasting has its problems -- for that matter all enterprises and particularly media enterprises have continual challenges to meet and problems to solve.

My own relatively slight and individual problem today is that I am following a long line of distinguished speakers who have already virtually addressed all aspects of public broadcasting issues.

So I'll limit my remarks to what I and my public-broadcasting-conscious staff perceive as the major issues facing public broadcasting followed by brief bottom line comments. I will then be open for questions and answers.

At the risk of sounding redundant, I believe the primary, all-encompassing issue challenging public broadcasting is the preservation of the character, purpose and destiny of public broadcasting service. This implies the preservation of adequate financing to implement this distinctive programming service -- a

quality service that doesn't rely on mass audience ratings and a service that complements, supplements and in some cases far surpasses the programming of commercial stations and networks. To meet the challenges and assure the continuance and growth of public broadcasting as we know it will require a newfound unity of purpose. I hope for and can even envision a new era of cooperation among the various key players -- CPB, PBS, NAPTS, NPR, APR and individual public stations united in representing the forward looking best interests of public broadcasting to the public, Congress, and the FCC.

I think it would be presumptuous of me to dwell further on your critical need for unity of purpose. It is a subject of your primary concern that only indirectly impacts regulatory or FCC action.

It is more appropriate for me to discuss major current issues directly involving the FCC. I would still list preserving the character and purpose of public broadcasting as the all-important major issue impacted by the FCC and Congress.

Here's my version of other more specific public broadcasting issues impacted by the FCC:

1. Must Carry
2. U for V Swaps
3. Enhanced Underwriting Clarification
4. Advisability of "not for profit" licensing category allowing limited advertising
5. FCC deregulatory proposals to Congress affecting public broadcasting

No. 1: My views on must carry are well known. In my opinion, the FCC should have appealed the controversial Court of

Appeals decision invalidating the must carry rules. We should have initiated a notice of proposed rulemaking on our own motion to remedy the inequities produced by the court decision. The court practically invited the Commission to recraft the rules. The court decision granted cable disproportionate power. I don't believe any entity controlling a monopoly distribution pipeline should have the power to thwart any local TV station's access to the audience it was licensed to serve. I believe licensee service to the public is expressly required by the Communications Act. Needless to say, public broadcasting should have been included in the broadcast-cable industry meetings that produced the compromise for FCC consideration. Also, I will oppose the 2% audience requirement for eligibility for carriage. Such a standard is inappropriate for public TV service promulgated to serve the specific needs of diverse audiences.

No. 2: I previously called the public broadcasting V for commercial U swap an intriguing idea whose time has not come. While the notice is still pending, I can now say that the time should never come. The long range implications are too negative and there is overwhelming opposition from a large majority of both PBS and commercial TV operations.

No. 3: The Commission issued a public notice clarifying its enhanced underwriting rules April 14th in time for a panel discussion at the recent NAB convention.

The key paragraphs in the FCC clarification order are:

"We recognized in our 1982 Order that it may be difficult at times to distinguish between announcements that promote and those that identify. For that reason, we expressly stated that we expect public broadcast licensees to review their donor or underwriter acknowledgements and make reasonable good faith judgments as to whether they identify, rather than promote. 1982 Order at 911. We saw no purpose at that time, or at the time we adopted our 1984 Order, in fashioning rigid regulations or guidelines to ensure the noncommercial nature of public broadcasting, and we were concerned that such guidelines would inhibit public broadcasters' ability to seek and obtain the funds needed to present quality programming and to remain financially viable. It continues to be our view that the public broadcaster's good faith judgment must be the key element in meeting Congress' determination that the service should remain free of commercial and commercial-like matter. In response to requests for guidance, however, we will attempt to further clarify the guidelines applicable to public broadcasters' exercise of their discretion."

"We reiterate that acknowledgments should be made for identification purposes only and should not promote the contributor's products, services or company. For example, logos or logograms used by corporations and businesses are permitted so long as they do not contain comparative or qualitative descriptions of the donor's products or services. Similarly, company slogans which contain general product-line descriptions are acceptable if not designed to be promotional in nature. Visual depictions of specific products are permissible. We also believe that the inclusion of a telephone number in an acknowledgement announcement is within these general guidelines and, therefore, permissible."

In easy understandable language you should avoid trouble in enhanced underwriting if you generally remember:

No comparative judgments;

No inducement to purchase;

No promotion of commercial products or services;

No call to action like call___ or see___.

Public service identity is permissible like: "Clean environment for cleaner air," "Use seat belts for safety," "Support high school bands," "Glad to support public broadcasting," etc. The FCC notice listed several examples of clear violations.

No. 4: Some public broadcasters are proposing a "not for profit" category to complement or replace the "noncommercial" category. This category would permit public stations to carry limited advertising to defray programming costs. However, a survey reveals that 86% of public TV managers oppose advertising to support public stations. Advertising could eventually have an adverse impact on the character and programming of public broadcasting. Advertising would be likely to overwhelm other funding sources to the detriment of the current system which relies on diversity of financial support. It would also result in increased union, copyright and program fees. In my opinion, it should be enacted only if all other sources fail and public broadcasting is threatened with extinction. If it eventually becomes a matter of public broadcasting with limited advertising or no public broadcasting at all, the choice would be obvious.

No. 5: FCC deregulatory recommendations to Congress provide much needed essential relief for public as well as commercial stations. The FCC has recommended sweeping deregulatory changes in the Communications Act that affect such critical issues as eliminating comparative renewal challenges, restricting frivolous petitions to deny, simplifying license renewals, and granting full First Amendment rights for all broadcasters.

I hope you will take the time to study the FCC legislative proposals and provide appropriate support for congressional action. Members of Congress need to know that the proposals offered by the FCC reflect the urgent desires of the entire broadcast community.

If the FCC proposals are to be successful, a uniform, cohesive and comprehensive all-industry lobbying effort will be required in 1987.

Public broadcasting demonstrated its public appeal and its cohesive lobbying skill this year in attaining its full-blown advanced federal funding authorization for CPB through 1990. I understand only aid to Israel and aid to public broadcasting were exempt from funding cuts under the Gramm-Rudman budget reduction law.

Congratulations on this display of effective unity of purpose and best wishes for continued progress and for future deregulatory freedom.

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