

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

OFFICE OF COMMISSIONER
JAMES H. QUELLO

May 21, 1986

Mr. James R. Needham
General Manager
Public Television for East-Central Indiana
620 W. Minnetrista Blvd.
Muncie, Indiana 47303

Dear Jim,


Your insightful observations are always welcome and appreciated. Your comments merit special consideration because of the active leadership role you played in the initial TCAF advertising demonstration.

Your letter was circulated to my staff and also to Jim McKinney, our exceptionally able Mass Media Bureau Chief, who has always been sensitive to the needs and aspirations of public broadcasting.

We hope as you do that enhanced underwriting as recommended by TCAF, approved by the FCC and endorsed by Congress provides opportunity for added financial support to public broadcasting. As you know, we believe this method should not impair the long established regular sources of funding or erode the character or programming of public broadcasting. I agree that authorization for other advertising is not warranted at this time.

I enjoyed our visit at CEN and look forward to a continuing exchange of ideas.

Cordially,


James H. Quello

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Public Television for East-Central Indiana



May 13, 1986

JAMES R. NEEDHAM
General Manager

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Commissioner James Quello
Federal Communications Commission
1919 M Street N.W.
Washington, D.C. 20554

MAY 1986

JAMES H. QUELLO

Dear Commissioner:

Thank you very much for making the time to visit with us at the CEN Annual Meeting. Your presence was a calming influence for me and a reassurance in the sense that we have pursued enhanced underwriting aggressively since the original guidelines came out two years ago.

We were further gratified when the clarification was announced April 11th and have made arrangements to include telephone numbers in our announcements when prior to this time, we have not done so.

We are particularly concerned about the behind-the-scenes struggle that continues within Public Broadcasting over the impact that enhanced underwriting may have on the character of the system. I appreciate your direct response to my question regarding your view on the potential impact of enhanced underwriting and the notion that the funding mix has inalterably changed.

What I pointed out to my colleagues Monday evening was that in the last four years Public Broadcast national underwriting has gone from fifty to fifty-seven million dollars on an annual basis while commercial television advertising revenues have gone from fourteen billion to twenty-two billion. That seems to say to me that we are not appealing very effectively to the marketplace. It also says to me that if we were to use the opportunity and the latitude which you have extended to us through the enhanced underwriting credits, certainly we ought to be able to get a small portion of that pie as it grows. With a system as desperate for money as ours is, it seems only prudent that we pursue the opportunities within the law which are provided for us so that we don't have to continue to starve in the face of a growing harvest.

What I wish there was a way for you to do is somehow communicate to state licensees in particular, including Jack McBride of Nebraska, Henry Cauthen of South Carolina, Leonard Press of Kentucky, and Paul Norton of Wisconsin, that the enhanced underwriting opportunities are here to stay, that in your view and in the view of the Commission they need not impinge on the character of Public Broadcasting, that the limited advertising test, restricted though it was, demonstrated beyond question to those stations that participated that the public would not tolerate nor would the advertisers encourage a change in the format of the station, and reiterate what I have iterated to those stations--that the quality of Public Broadcasting programming and the integrity of that programming is intact more today than it ever has been in the history of this endeavor.

I do not mean and do not presume to put words in your mouth. But it appeared to me that you were moving in this direction. I would only say to you that it is critical at this particular moment in our history that someone who is respected as widely as you are, point out these facts and remind those who are licensees of Public Broadcasting stations that they have the responsibility to take advantage of the opportunities before them or else to quit crying "foul" and "poor me", and go slink into the corner and wait for the inevitable to come.

I am convinced that as Ed Ball told the corporate management of Ball Corporation at the Annual Meeting two weeks ago in the corporate video we produced for him, "Corporate culture demands that a corporation adapt to the changing marketplace, the changing environment and the changing needs of its customers; and if that corporate culture will not adapt then the corporation will simply disappear."

I am even more struck today than I was when I helped prepare that piece that his comments apply to Public Broadcasting as well as to the 292nd largest corporation in America.

Thank you for permitting me to share my thoughts with you on this matter and for doing whatever you can to help to quell the boiling ferment in Public Broadcasting that is neither wise nor necessary at this important juncture in our history.

Sincerely,



James R. Needham
General Manager

JRN/pf