

PUBLIC TELECOMMUNICATIONS ACT OF 1988

AUGUST 5, 1988.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DINGELL, from the Committee on Energy and Commerce, submitted the following

REPORT

together with

ADDITIONAL AND SUPPLEMENTAL VIEWS

[To accompany H.R. 4118]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 4118) to amend and extend the authorization of appropriations for public broadcasting, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Public Telecommunications Act of 1988".

SEC. 2. PUBLIC TELECOMMUNICATIONS FACILITIES AUTHORIZATION.

Section 391 of the Communications Act of 1934 (47 U.S.C. 391) is amended—

- (1) by striking "and" after "1987,"; and
- (2) by inserting "\$36,000,000 for fiscal year 1989, \$39,000,000 for fiscal year 1990, and \$42,000,000 for fiscal year 1991," immediately after "1988,".

SEC. 3. FINANCING OF CORPORATION FOR PUBLIC BROADCASTING.

(a) GENERAL AUTHORIZATION.—Section 396(k)(1)(C) of the Communications Act of 1934 (47 U.S.C. 396(k)(1)(C)) is amended—

- (1) by striking "and 1990" and inserting in lieu thereof "1990, 1991, 1992, and 1993";
- (2) by striking "and" after "fiscal year 1989,"; and
- (3) by inserting before the period at the end thereof the following: "
\$304,000,000 for fiscal year 1991, \$345,000,000 for fiscal year 1992, and \$404,000,000 for fiscal year 1993".

(b) AUTHORIZATION FOR SATELLITE INTERCONNECTION.—Section 396(k) of the Communications Act of 1934 (47 U.S.C. 396(k)) is amended by adding at the end thereof the following new paragraph:

"(10)(A) There is hereby established in the Treasury a fund which shall be known as the Public Broadcasting Satellite Interconnection Fund (hereinafter in this subsection referred to as the 'Satellite Interconnection Fund'), to be administered by the Secretary of the Treasury.

"(B) There is authorized to be appropriated to the Satellite Interconnection Fund, for fiscal year 1991, the amount of \$200,000,000. If such amount is not appropriated in full for fiscal year 1991, the portion of such amount not yet appropriated is authorized to be appropriated for fiscal years 1992 and 1993. Funds appropriated to the Satellite Interconnection Fund shall remain available until expended.

"(C) The Secretary of the Treasury shall make available and disburse to the Corporation, at the beginning of fiscal year 1991 and of each succeeding fiscal year thereafter, such funds as have been appropriated to the Satellite Interconnection Fund for the fiscal year in which such disbursement is to be made.

"(D) Notwithstanding any other provision of this subsection except paragraphs (4), (5), (8), and (9), all funds appropriated to the Satellite Interconnection Fund—

- (i) shall be distributed by the Corporation to the licensees and permittees of noncommercial educational television broadcast stations providing public telecommunications services or the national entity they designate for satellite interconnection purposes and to those public telecommunications entities participating in the public radio satellite interconnection system or the national entity they designate for satellite interconnection purposes, exclusively for the capital costs of the replacement, refurbishment, or upgrading of their national satellite interconnection systems and associated maintenance of such systems; and

"(ii) shall not be used for the general administrative costs of the Corporation, the salaries or related expenses of Corporation personnel and members of the Board, or for expenses of consultants and advisers to the Corporation."

SEC. 4. INDEPENDENT PRODUCTION.

Section 396(k)(3)(B) of the Communications Act of 1934 is amended by adding at the end thereof the following:

"(iii)(I) For fiscal year 1990 and succeeding fiscal years, the Corporation shall, in carrying out its obligations under clause (i) with respect to public television programming, provide adequate funds for an independent production service.

"(II) Such independent production service shall be separate from the Corporation and shall be incorporated under the laws of the District of Columbia for the purpose of contracting with the Corporation for the expenditure of funds for the production of public television programs by independent producers and independent production entities.

"(III) The Corporation shall work with organizations or associations of independent producers or independent production entities to develop a plan and budget for the operation of such service that is acceptable to the Corporation.

"(IV) The Corporation shall ensure that the funds provided to such independent production service shall be used exclusively in pursuit of the Corporation's obligation to expand the diversity and innovativeness of programming available to public broadcasting.

"(V) The Corporation shall report annually to Congress regarding the activities and expenditures of the independent production service. At the end of fiscal year 1992, the Corporation shall submit a report to Congress evaluating the performance of the independent production service in light of its mission to expand the diversity and innovativeness of programming available to public broadcasting."

SEC. 5. INVESTIGATION REQUIRED.

(a) **ESTABLISHMENT OF BOARD REQUIRED.**—The Corporation for Public Broadcasting shall establish a board to report to Congress annually during 1989, 1990, and 1991 on the initiatives and programmatic efforts of all public broadcasting entities with respect to serving the television and radio needs of minority and diverse audiences. During 1992, such board shall make any legislative proposals the board considers desirable for improving the delivery of public broadcasting services to minority and culturally diverse communities.

(b) **GENERAL AUTHORITY.**—The board shall have the authority to hold hearings and take testimony, and to request, review, and otherwise gain access to information from public broadcasting entities, including (but not limited to) information on programming and employment policies.

(c) **COMPOSITION OF BOARD.**—The board shall be composed of 7 members, appointed by the Board of Directors of the Corporation for Public Broadcasting, after consultation with public broadcasting entities and representatives of minority interest groups and independent minority production entities. No member shall be appointed to the board who is an employee of any public broadcasting entity. The board shall reflect racial, ethnic, geographic, and cultural diversity, and include a representative of the minority independent production entities.

(d) **EXPENSES.**—The members of the board shall serve without compensation, but the Corporation shall make funds available to reimburse such members for travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Federal Government service are allowed expenses under section 5703 of title 5, United States Code.

(e) **PERSONNEL AND SUPPORT SERVICES.**—The Corporation is authorized to furnish the board with such personnel and support services as are necessary and appropriate to assist the board in carrying out its duties and functions.

PURPOSE AND SUMMARY

H.R. 4118 has several purposes. First, H.R. 4118, as reported by the Committee, would authorize funding for CPB at a level of \$304 million for fiscal year (FY) 1991, \$354 million for FY 1992 and \$404 million for FY 1993. H.R. 4118 would provide authorizations of \$36 million for FY 1989, \$39 million for FY 1990 and \$42 million for FY 1991 for the Public Telecommunications Facilities Program (PTFP).

The Act also would authorize the expenditure of \$200 million for capital costs related to the replacement, refurbishment, and upgrading of the public broadcasting system's national satellite interconnection system and its associated maintenance.

Beginning in FY 1990 and in succeeding years, the Act would provide for the establishment of an Independent Production Service (IPS). This service would be a separate, nonprofit entity, created in cooperation with CPB, for the purpose of funding the production of television programs by independent producers and production

entities. Under the Act, CPB is directed to ensure the funding be used to expand diversity and innovation in programming available to public broadcasting.

Finally, the Act would require the establishment of a board (during the years 1989 through 1991) to report to Congress on public broadcasting entities' initiatives and programmatic efforts in both radio and television to service and meet the needs of minority and diverse audiences, and to review minority employment policies.

BACKGROUND AND NEED

THE HISTORY OF PUBLIC BROADCASTING

Public broadcasting as we know it today had its genesis in the early 1950's, with the advent of educational television. In 1952, the Federal Communications Commission (FCC) reserved 242 channels on the Ultra High Frequency (UHF) spectrum (channels 14-83) for educational television. Also in that year, with financing from the Ford Foundation, the Educational Television and Radio Center (Center) was formed (later known as National Educational Television (NET)). The Center was designed to be a national exchange to provide programs, services, ideas and information to the educational broadcasting community. A year later the first full-service educational television station went on the air; by 1962 another 74 educational television stations were in operation.

It became increasingly obvious, however, that local and private funds—mostly from the Ford Foundation—were inadequate for the development and maintenance of a national educational television system. In 1962, Congress passed the Educational Television Facilities Act, authorizing \$32 million of Federal matching grants for the construction of new stations. In February 1966, the FCC issued a revision of its UHF assignment table for the nation, and provided that 25 percent of the UHF spectrum be set aside for educational television, greatly expanding the availability of spectrum capacity for public television stations.

In 1964, the National Association of Educational Broadcasters (NAEB) and the U.S. Office of Education convened a national conference to investigate long range financing possibilities for educational television. One of the resulting proposals was the creation of a national commission charged with developing national policy concerning educational television. As a direct result of the 1964 conference, the Carnegie Commission on Educational Television (Carnegie Commission), which was privately funded by the Carnegie Corporation in New York, with the support of the Johnson Administration, was formed in 1965.

The Carnegie Commission's final report issued in 1967, "Public Television: A Program for Action," presented 12 recommendations for Federal, local and private support of public broadcasting. The Carnegie Commission expanded the concept of "educational television" to include general-enrichment and information programming, as well as classroom instruction—i.e. "public television" and "educational television." In addition, the Carnegie Commission recommended that a private, nonprofit body be created and charged with administering government funds and fostering growth in the public broadcasting system. The report called for politically insulated,

long range support for a unique system of public television stations built upon a foundation of localism. The Carnegie Commission strongly emphasized the importance of and the need for increased financial support from Federal, state and local governments in the development of quality public television programming and operations.

The Carnegie Commission report was well received by broadcasters and policy makers and provided the framework for the "Public Broadcasting Act of 1976" (1976 Act) [47 U.S.C. 396, Sec. a(1)(2)(5) 1967 (1988)]. The 1967 Act authorized the creation of the Corporation for Public Broadcasting (CPB). As outlined by the 1967 Act, CPB functions not as an agency or establishment of the U.S. Government, but as a private, nonprofit administrative organization authorized to assist local public broadcast operations through a broad range of support activities. Under the Act, CPB is required to distribute Federal funds and to make available high quality programming, obtained from diverse sources, to all citizens, from particular localities and throughout the United States. CPB also is required to encourage the growth and development of nonbroadcast telecommunications technologies for the delivery of services, including the establishment of an interconnection system, although CPB is forbidden from administering such interconnection system.

In following its charter of funding programming and initiating an interconnection system, CPB mobilized the stations to work in cooperation with it to structure a new organization to distribute programming. The Public Broadcasting Service (PBS) was established in 1969 as a nonprofit, independent organization owned by the stations it served. PBS distributes television programs produced by member stations and other independent production entities.

Also in 1969, with support from the Ford Foundation, CPB set out to create a national interconnection system to provide 150 public stations equal access to national programming using AT&T telephone "landlines". The following year, public television went live on the telephone landline link. The 400 noncommercial radio stations and CPB created a service similar to PBS for radio, National Public Radio (NPR). NPR, unlike PBS, was permitted by CPB to produce programming because, unlike public television, public radio did not have the existing bank of programming of the scope of NET, which served as the primary program producer and supplier until the late 1960's.

In 1978 public television revolutionized program distribution for the entire broadcasting industry. Stations in the Southeastern United States dropped usage of the AT&T telephone "landlines" and began receiving nationally distributed programs by satellite. By the end of the year all 274 CPB qualified public television stations were linked to the satellite system, and within two years public radio stations also were interconnected by satellite.

In 1978, concerns regarding the structure of public broadcasting led to the formation of the Carnegie Commission on the Future of Public Broadcasting ("Carnegie II"). The "Carnegie II" report released in 1979, entitled "A Public Trust," called for "a structural reorganization of public broadcasting at the national level" and recommended that CPB be eliminated, to be replaced by a new entity called the Public Telecommunications Trust. Although the

Congress did not adopt the Carnegie II proposal to abolish CPB, the Corporation itself set up a Program Fund for funding television program production separate from the administration of other CPB activities.

The Public Broadcasting Amendments Act of 1981 extended authorizations to CPB, but also called for reductions in public broadcasting's direct federal support, and reduced the size of the CPB Board from 15 to 10. The 1981 Act also established a two year "Temporary Commission on Alternative Financing for Public Telecommunications" (TCAF) to:

* * * identify funding options which will ensure that public telecommunications as a source of alternative and diverse programming will be maintained and enhanced, and that public telecommunications will continue to expand and be available to increasing numbers of citizens throughout the nation. (Staff of Temporary Commission on Alternative Financing for Public Telecommunications, 99th Congress, 2nd Session, Final Report, 1983, p. i)

As a part of its mandate, TCAF also was authorized to conduct what it deemed "demonstrations" of limited advertising in which ten public television stations participated. The purpose of the demonstration was to "reduce the uncertainty about the advantages and disadvantages accompanying public broadcast station's use of limited commercial advertising or expanded underwriting credits." Id. at 12. In its Final Report to Congress, TCAF explained that the "demonstration program helped to define the costs and benefits associated with limited advertising, but only narrowed the range of uncertainty." TCAF concluded that "the demonstration program indicated that potential revenues from advertising are limited in scope, while it did not show that significant risks to public broadcasting clearly would be avoidable." Finally, TCAF recommended that "Congress continue to provide Federal broadcasting services until or unless adequate alternative financing becomes available."

In October, 1987, the Senate Commerce Committee proposed a budget deficit reconciliation plan which would have created a public broadcasting trust fund effective in 1989. Under the proposal, a 2-5 percent fee would have been imposed on applications and transfers of all spectrum licensees including cellular, radio, and television licensees with the proceeds of such fee going to the public broadcasting trust, et. al. The proposal, strongly supported by public broadcasters and strongly opposed by commercial broadcasters, was not enacted by the full Senate.

THE NEED FOR LEGISLATION

PTFP Funding

The Public Telecommunications Facilities Program (PTFP) is a competitive, matching grant program for the financial support of public television and radio facilities (excluding land and buildings). It is administered by the National Telecommunications and Information Administration (NTIA) in the Department of Commerce. The program, formerly known as the Educational Broadcasting Fa-

cilities Program (EBFP), was operated by the Department of Health, Education and Welfare (HEW) from 1962 through 1978.

The program matches federal dollars with local support primarily for the construction, repair and replacement of broadcast facilities. In this way the program helps extend public television and radio services to unserved areas, and upgrade and preserve services offered by existing stations. While PTFP grants may finance up to 75 percent of equipment costs, federal funds typically constitute 60 percent of the cost for eligible equipment items purchased with grant money. Eligible applicants include public or noncommercial educational broadcast stations and noncommercial telecommunications entities or systems of such entities.

In 1981 the PTFP was authorized at \$40 million and appropriated \$21.7 million after a \$4 million rescission was approved by the Congress in June 1981. Authorizations for PTFP were \$12 million, \$24 million, \$24 million, \$28 million and \$32 million for FY 1984 through 1988, respectively. For FY 1987 and 1988, the Administration recommended a rescission of funds already appropriated for FY 1987, no funding for FY 1988, and the elimination of the PTFP thereafter.

In FY 1988, public broadcasting stations submitted 304 applications totaling \$68 million in requests for matching funds from a total appropriation of \$19.6 million. These applications were all backed by local dollars and did not include requests for funding for standard operating costs, buildings, or land. With only \$19.6 million in total available grant funds this year, over 75 percent of this year's PTFP applications were not or will not be funded, leaving unsuccessful applicants with failing or aging equipment for at least another year; and 91 of those 304 applications were reactivated from the previous year. The Committee believes that the modest increases of \$35 million, \$39 million, and \$42 million for FY 1989, 1990 and 1991, respectively, are necessary to ensure the program's continuation and success.

CPB Funding

Over the past two decades the Congress has provided an important source of support for the public broadcasting system through authorizations and appropriations for CPB. The Public Broadcasting Act of 1967 provided for the initial authorization of \$9 million for FY 1968. Subsequent authorizations for CPB increased in size from \$20 million in FY 1970, to \$35 million in FY 1971 and FY 1972. The authorizations for FY 1973 and FY 1974 were initially vetoed by President Richard M. Nixon. Congress responded by passing a single year authorization for FY 1973 of \$45 million, and in the next Congress, an authorization measure for FY 1974 and 1975 of \$55 million and \$65 million, respectively.

In the Public Broadcasting Act of 1975, Congress revised funding procedures for public broadcasting and authorized funding for a five year period. This multi-year funding mechanism was designed to insulate CPB from undue political pressure and to allow the organization's planning capability to extend beyond current fiscal year operations. CPB currently is authorized every three years, three years in advance. Annual authorizations in the 1975 Act increased from \$88 million for FY 1976 to \$160 million for FY 1980.

In 1978, through enactment of the Public Telecommunications Financing Act, the Congress again increased authorized funding for CPB by providing authorization levels of \$180 million, \$200 million and \$220 million for FY 1981, 1982 and 1983, respectively. The Act, *inter alia*, clarified the role of CPB in the public system. Because the system had come under criticism for administrative waste, House and Senate conferees instructed the public broadcasting system to spend a greater proportion of its funds on programming and to spend a substantial amount of programming funds on shows by independent producers.

In 1981, as part of the Omnibus Budget Reconciliation Act and at the request of the Reagan Administration, Congress enacted substantial funding cuts for CPB, decreasing authorizations to \$130 million for FY 1984, 1985, and 1986. Despite efforts by the system, revenues to compensate for the drastic cuts were insufficient and the system suffered a reduced amount of locally produced programming and national programming. Productions for new shows, such as "Great Performances" and "Frontline" were scaled back 20 percent, and production for children's programs such as "Wonderworks" and "Reading Rainbow" were cut 50 percent and 33 percent, respectively. In order to prevent further erosion of the public broadcasting system, Congress passed the Supplemental Budget Act of 1983, which provided for a minimal cost-of-living adjustment for CPB of 5.6 percent for FY 1984, 1985, and 1986. Under this law, authorizations increased to \$145 million for FY 1984, \$153 million for FY 1985 and \$162 million for fiscal year 1986.

The Consolidated Omnibus Budget Reconciliation Act of 1985, the most recent previous CPB authorization, which passed after President Reagan vetoed two reauthorization measures in 1984, set funding levels at \$200 million for FY 1987, \$214 million for FY 1988, \$238 million for FY 1989 and \$254 million for FY 1990.

The Reagan Administration, in its 1989 proposed budget for the CPB, requested that CPB's funding be frozen at its 1988 levels. The Administration budget proposed a rescission of \$14 million in FY 1989 (from the 1989 appropriation of \$228 million) and a rescission of \$18.65 million in FY 1990 (from the 1990 appropriation of \$232.65 million) for a total funding level of \$214 million for each year.

CPB initially requested that Congress authorize funding—exclusive of the satellite replacement costs—of \$395 million, \$411 million and \$427 million for FY 1991, 1992, and 1993, respectively. H.R. 4118, which would authorize funding levels of \$304 million in FY 1991, for \$354 million in FY 1992 and \$404 million in FY 1993, reflects a compromise between the levels requested by the Corporation and the funding level recommended by the Administration.

The Committee recognizes the legitimate and vital role of Federal support for the nation's public telecommunications system and believes that deep cuts in funding would significantly hinder the Corporation's ability to fulfill its Congressional mandate. The Committee further notes that appropriations for previous years have fallen short of amounts requested and authorized, thereby imposing a significant burden on the ability of the public broadcasting system to sustain the current quality of the system, let alone allow it continue as an innovator and leader in the industry.

Among CPB's objectives is the support of educational and informational children's programming. Children's educational television is in fact one of the hallmark successes of the public broadcasting system. While there is no provision in H.R. 4118 specifically addressing this particular topic, the Committee intends that funding for national children's educational programming not be diminished from current levels as a consequence of the legislation. Indeed, the Committee expects that CPB and public broadcasting stations will ensure that the percentage of funds devoted to educational and informational children's programming remains constant or increases. To further ensure this occurs, the Committee directs CPB to report to the Committee immediately if it finds that the percentage drops below the current level.

The Committee recommends adequate funding authorization for the Corporation in order to sustain a high-quality and diverse public broadcasting system which can continue to provide a forum for presentation of diverse, innovative programming and stimulate program production designed to serve all Americans. Adequate funding for CPB is necessary if the public broadcasting system is to develop and sustain high-quality and diverse programming, which stimulates program production to serve all Americans, support skills development through training, and encourages awareness of and support for public broadcasting by all groups who can benefit from it.

As Federal funding has become increasingly constricted and as the electronic media marketplace has become increasingly competitive for both programming and viewers, public broadcasting has been forced to seek alternative funding sources. These changes in funding and program availability have spawned questions about the role public broadcasting serves in today's media environment. During a November 1987 oversight hearing and a March 1988 hearing on H.R. 4118, the Subcommittee on Telecommunications and Finance reviewed some of these questions and concerns.

Specifically, the Subcommittee received testimony that stations increasingly are attempting to meet their financial needs through increases in corporate underwriting, membership, earned income through nonprofit subsidiaries, and increasing use of less diverse, more popular programming. For example, it was stated during the hearing that some public television stations increasingly are turning away from traditional public, educational or informational programming and broadcasting syndicated programs or programs that previously aired on the commercial networks, including such programs as "Disney", "The Avengers", "Lassie", "Ozzie and Harriet" and "Star Trek".

Similarly, the Subcommittee heard reports that some public radio representatives argue for increased "rating consciousness"—gearing public radio for more "listenable" overall radio service, a "seamless" programming format of classical music or news and information rather than the historically more prevalent public radio format of many different, distinct programs that may appeal to different audiences. Members of the Subcommittee also expressed concern that in their desire to increase membership, stations are in fact driving listeners and viewers away with extended on-air "pledge drives". The Subcommittee noted concerns that these on-

air fund-raising efforts tend to increase mass-appeal programming, at the expense of other forms of programming.

The Committee recognizes the financial constraints that the public broadcasting system confronts. However, the Committee also recognizes in an increasingly competitive media environment, where public broadcasting increasingly finds itself competing for programming with cable networks, such as "Arts and Entertainment," "Discovery" and "Nickelodeon," there is a threat of a loss of identity. The Committee remains concerned that public broadcasting, in an effort to secure alternative financing and to increase ratings and viewership, is sacrificing its identity and uniqueness. The Committee believes that public broadcasting must reemphasize its original mandate as an educational, innovative, and experimental alternative to commercial broadcasting, and should continue to create, develop, and broadcast innovative and diverse new forms of programming.

At the Subcommittee oversight hearing Members also expressed concern that excessive Federal funds were being used to sustain CPB's bureaucratic structure and to fund station administrative costs. Members expressed concern that Community Service Grants (CSGs), over which stations have full discretion, too often are used for station administrative, rather than programming, costs, and that too large a percentage of funds are used for CPB administrative costs. According to CPB figures, in FY 1988, CSGs represented 64.3 percent of CPB funds. In 1986 (the last year for which CPB has complete data), 67 percent of television CSG funds were devoted to programming, 16 percent were used to provide promotional services and 17 percent were used for station administration. In FY 1986, 62 percent of radio CSG funds were used for programming, 16 percent were used for promotional services and 20 percent were used for radio station administration.

CPB claims that it consistently budgets approximately 25 percent of all available resources toward direct support of radio and television programming. The Committee remains concerned, however, that an insufficient portion of Federal funds is directed toward actual programming. The Committee directs the CPB to ensure that administrative expenses are held to a reasonable level and further directs CPB to report on an annual basis to the Committee on efforts to ensure that Federal funds are utilized by CPB and other public broadcasting entities for programming purposes to the maximum extent possible.

Satellite Funding

In the 1967 Public Broadcasting Act, Congress authorized the Corporation to assist in the establishment of one or more interconnection systems to provide program suppliers with the means to distribute programs to local public television and radio stations (47 U.S.C. 396(g)(1)(B)). By assisting with the development of the distribution systems presently used by public television and radio, by providing funds to help meet the operating costs of those systems, and by helping to establish structural safeguards for system operation, the Corporation has played an important part in ensuring that effective distribution systems for public television and radio have become a reality, while respecting the fundamental premise

of localism on which public broadcasting was founded. To further system interconnection, Congress also has permitted common carriers to provide free or reduced rate services for public television or radio. (47 U.S.C. 396(h)(1))

In 1978, public television and radio became the first extensive broadcasting systems in the nation to switch from a system of land line distribution to satellite interconnection. Since that time, the satellite distribution systems used by public television and public radio have provided a fast, easy, and economical method of distributing programming from a variety of sources.

The current public television satellite interconnection system, which was a negotiated multi-year lease/purchase agreement with Western Union, consists of: four transponders¹ owned by PBS on the Westar IV satellite; 250 receive-only ground terminals owned by individual public television stations; the Main Origination Terminal owned by PBS, from which programs are transmitted; and a number of uplink facilities owned by regional organizations and other entities. Currently, public television uses all of its transponders except a portion of one, which is leased to another entity on the condition that it may be preempted if necessary. All of the income generated by that lease is used to offset costs related to satellite interconnection. Those distributing programming over the public television system include PBS, regional and state public television networks, individual public television stations, other public television entities, and independent program producers and distributors.

The public radio satellite system consists of the one transponder on Westar IV owned by a trust on behalf of all participating public radio stations; the Main Origination Technical Center operated by NPR and owned by another station beneficial trust; and 20 uplink facilities and 289 downlink facilities, both owned by individual public radio stations. NPR owns two transportable uplinks which are available for on-site transmission of events at remote locations throughout the country. Programs are distributed 24 hours a day, 7 days a week over as many as 22 high quality audio channels. In 1987, the system linked together approximately 250 different suppliers with more than 300 public radio stations, transmitting more than 20,000 hours of public radio programming.

The Committee recognizes that advantages and benefits of satellite distribution have proven to be extensive to the public broadcasting system. It has enabled program suppliers to transmit and local stations to receive programming through an efficient and economical distribution system. Satellite distribution also ensures reliable public broadcasting signals of high technical quality, increases diversity and local autonomy through distribution of time zone feeds and simultaneous transmissions of programs from diverse sources, and enables each station to decide which programs to use and when to use them. The satellite system has enhanced the self-sufficiency of public broadcasting through interconnection cost savings and support-generating opportunities, enabled public broadcasting to interconnect new stations quickly and easily, and en-

¹ A transponder is a receiver/transmitter on a satellite used to carry radio and television signals. Each transponder will carry a single television channel and multiple radio channels.

abled stations in Hawaii, Alaska, Puerto Rico and the Virgin Islands to have timely and equal access to public broadcasting's program offerings.

The satellite system has allowed broadcasts in stereo, closed captioning for the hard-of-hearing, and enhanced audio for the visually-impaired. The system has been a plus for non-English speaking audiences as well, by providing audio simulcast on selected programs in two languages on the Separate Audio Program (SAP) channel, which is incorporated in stereo receives. It also has enabled the public broadcasting system to provide opportunities to develop educational and other special services such as the Adult Learning Service, National Narrowcast Service, Elementary/Secondary Services, and the possibility of interactive video teaching materials.

By mid-1991, however, Westar IV, the satellite on which public broadcasting's transponders are located, will run out of fuel and be retired. Replacement transponder capacity will have to be obtained if public television and radio are to continue nationwide service to the American people. Further changes in the existing ground facilities will be required to correspond to changes in satellite facilities. Changes in the ground system also will be required as a result of the physical and technical age of the existing ground equipment. In addition, changes in the satellite regulatory environment (e.g., the FCC authorization of satellite spacing two degrees apart in the orbital arc) and the emerging advanced television technologies may require adjustments to the existing ground facilities.

The Committee recognizes that replacement of the satellite interconnection systems used by public television and public radio is essential to ensure that public broadcasting can continue to provide the quality and quantity of services now offered, including cultural, informational and educational programming of national, regional and local interest, as well as the delivery of technically reliable and high quality services such as stereophonic sound and other technical enhancements to programming. Funding for replacement of the satellite interconnection system must be authorized this fiscal year. Not only is expeditious funding important to provide for continued service, but such funding also potentially could support increases in program offerings and related services, more specialized programming, and expansion of service.

Public television and radio are still in the process of determining the best technological systems to meet their future needs. The Committee, however, believes after extensive discussion with public broadcasting and outside experts that a replacement system should cost close to, if not more than, \$200,000,000. Since the entire amount may not be needed in 1991, the bill authorizes this amount for a three year period. At the same time, however, the Committee strongly believes that at least one-third of the money should be appropriated in FY 1991 so that public broadcasting can negotiate the most favorable agreements and ensure continued service.

This funding level is based on the need to continue the existing services and provide for increased service in future years. Currently, public radio uses one transponder, and through 1993-1994 one should be sufficient. However, based on past trends, anticipated increases in the number of interconnected stations and the anticipat-

ed growth of digital audio technology, it is anticipated that by 1995 public radio will need additional satellite capacity.

One of the goals of this Act is to encourage the expansion of public radio. Both NPR and the CPB hope to expand the number of CPB-qualified radio stations over the next three years. Moreover, based on the historical growth patterns of public radio since 1985, NPR anticipates an 8 percent increase in full-time and 2 percent increase in occasional satellite users annually. At that growth rate, even without a significant addition of new stations, the capacity of one transponder would be consumed by 1993-1994.

Moreover, the incorporation of digital audio into the current system requires more bandwidth and power per channel. Public radio licensees do not expect a complete switch to digital audio in the next 12 years because it would require replacement of all of the ground equipment. Public radio licensees should, however, have the capacity to incorporate some digital service into their system in future years. Even without use of digital, public radio will outgrow one transponder within a few years of its acquisition.

If public radio were to lease or acquire two transponders in 1991, it could sell or lease a share to multiple customers until such time as public radio requires the second transponder's capacity. Historically, shared-use revenues have been used to subsidize the fees charged to stations and program producers distributing programs via the public radio satellite. In recent years, as satellite use has increased, these shared use revenues have carried an increasing part of the operating cost load. This trend is expected to continue.

The effect of shared use is to reduce the cost of providing satellite service to public radio, freeing more funds for other uses like program production. Shared use revenues do not, however, cover the costs of operating the satellite system. Thus, the financial implications of reducing transponder capacity for shared use must be carefully weighed against public radio's needs and the ability to obtain additional capacity for public radio. Reducing or eliminating the revenues from shared use will increase the cost of the system to the stations.

The costs of maintaining public radio's current capacity, without providing for future expansion beyond one transponder, are estimated at approximately \$31.3 million (\$16.5 million for the transponder, \$12.3 million to replace and refurbish the ground system, and \$2.5 million for taxes, interest and other project costs.) The acquisition of a second transponder would increase the cost by an additional \$23.4 million, for a total of \$54.7 million.

In the case of public television, the satellite replacement costs are much higher. Public television currently uses all of the capacity of three transponders and approximately one-third of a fourth transponder. Although there are fewer public television stations than radio, public television currently is available to approximately 93 percent of the American public. It is not anticipated that there will be a significant increase in the number of stations utilizing the public television satellite system. Use of public television to provide educational services is, however, increasing at a tremendous rate. In addition, provision of an unscrambled feed of PBS national programming for satellite dish owners could increase the demands on the television satellite system. Public television, like public radio,

is rapidly reaching the point where it will be utilizing all of its satellite capacity (including the portion of the fourth transponder that currently is leased).

Specifically, PBS is in the process of expanding its Adult Learning Satellite Service (ALSS) which provides programs directly to colleges and universities via satellite. The ALSS is expected to deliver 4,000 hours of programming via satellite by the mid-1990's. In addition, PBS is designing an Elementary Secondary Service (ESS) which will deliver educational programming to elementary and secondary schools. ESS will have the capability of providing 1,000 hours of programming per year by the mid-1990's. PBS, in cooperation with other educational organizations, also is designing a professional developing service for teachers, administrators and other school personnel. The goal of this service will be to provide approximately 4,000 hours of satellite programming per year. These three projects, when they reach their full capacity, will need in excess of one transponder to deliver the programming because most of the programming will be delivered during school and business hours. If PBS devoted one transponder to these services, they would have to send programming almost 24 hours a day and have the schools tape the programs delivered late at night and replay them the next day.

PBS's conversion to the VideoCipher II scrambling system also should require the use of one transponder to provide a clear unencrypted signal of its programming for home satellite dish owners. PBS is attempting to provide the clear feed using current capacity. However, due to scheduling and time zone problems, PBS is finding it difficult to maintain the clear feed on one channel. As a result, satellite dish owners are frustrated in their efforts to locate the clear feed. If PBS is unable to resolve this problem, it may have to switch all of the programming to one transponder to provide one clear feed on one channel. If this occurs, PBS will have to regain control of the portion of the transponder it is not using and possibly acquire additional capacity on another transponder.

Advanced and/or high definition television (ADTV and HDTV) promise to offer many new uses for the television medium in addition to enhanced home entertainment services. This advanced technology will have critical applications in fields such as medicine, microbiology, education and engineering. The Committee believes that it is critical that the public broadcasting system be able to take advantage of technologies such as advanced television technologies, including HDTV, interactive video and digital data distribution. To do so, however, also will require increased transponder channel capacity.

In order to facilitate the increased channel capacity, PBS is planning to acquire 4 C-Band transponders (the 4-6 Gigahertz band, more frequently used by satellite transmissions) and two Ku-Band transponders (the 12-14 Gigahertz band). The C-Band transponders will enable PBS to continue to provide its current services to stations and expand its educational services. Ku-Band increasingly is becoming the more popular choice, however, because of its advantages over C-Band; Ku-Band is capable of being more directional and the ground system causes far less interference to other services

than C-Band. Because of its superiority, the Ku-Band system is also more expensive than C-Band.

Although PBS has not actually entered an agreement to purchase new equipment, based on current market conditions it is anticipated that replacement of the current C-Band system without any expansion will cost \$87.3 million (\$60 million for the transponders, \$15.9 million to replace the ground equipment and \$11.4 million for the project costs). The addition of two Ku-Band transponders and the necessary ground equipment would cost an additional \$94.2 million (\$60 million for the transponders, \$21.9 million for the ground equipment, \$12.3 million for project costs). The total cost of the expanded system would be \$181.5 million.

Thus, the total cost of the expanded public radio and television satellite system is estimated to be \$236.2 million. The stations themselves would be required to pay the additional costs over the proposed authorization.

The Committee notes that advanced authorizations for funding will permit PBS and NPR to make commitments to vendors for the satellite replacement system as early as 1989. Both PBS and NPR have initiated Requests for Proposals (RFPs) for the replacement of the satellite interconnection system and are analyzing responses. A final network configuration is expected by the end of 1988 with the expectation that 1991 is the target for the transition period for the shift in operations. The satellite segment of the new system will be in service for 10 to 12 years.

Independent Productions

For almost as long as public broadcasting has existed, there have been two major concerns among the independent production community: the lack of funding for independent productions and a perceived inaccessibility of the system to independent producers.

The Committee heard testimony from independent producers and from representatives of the public broadcasting community regarding their views on the sufficiency of use of independent productions by the public broadcasting system. Independent producers' concerns largely are based on the perception of an increasingly "closed system" structure of public broadcasting, in which CPB and the stations control access to the public airwaves. Since 1974 public television stations have utilized the Station Program Cooperative (SPC), a PBS administered, cooperative process where stations participate in a series of voting rounds to select programming. In the years since its inception, SPC has become the major financing mechanism for programming for public television. Under the SPC process, stations make commitments to fund a major portion of the upcoming national public television schedule. While some of the architects of SPC hoped the procedure would lead to a greater quantity of innovative programming, the SPC has been criticized for funding established and popular series such as "Sesame Street" and "Great Performances" rather than new, independent programs.

In the Public Telecommunications Financing Act of 1978, Congress responded to the concerns of producers, minority organizations and public interest groups by expanding stations' responsibilities to include open board meetings, added accountability and re-

porting requirements, and mandated increased opportunities for women and minorities. In addition, the legislation required that a "substantial" amount of CPB funds available for the production of television and radio programs be reserved for distribution to independent producers and production entities. Nonetheless, many producers continue to contend that funds intended to be earmarked for independent producers are being used by CPB for other purposes.

In 1980, the Corporation set up a semi-autonomous program known as the Program Fund for television program production and distribution separate from administration of other CPB activities. The director reports quarterly to the Board of Directors and proposes yearly program priorities. Independent producers have criticized the Program fund, claiming that the proportion of Program Fund monies going to independent producers has declined significantly since its inception.

Although the Corporation has testified that approximately half of its television program funds are allocated to the work of independent producers, representatives of the independent production community suggest that funds to independent productions are significantly less. The Committee is not satisfied that the Corporation has allocated sufficient funds to smaller individual producers working independently of stations or station consortia. Greater effort is required to fulfill the Congressional intent and achieve the statutory objective of promoting greater innovations and diversity of opportunity and expression in the programming supported by the Corporation.

It is the Committee's expectation that the establishment of an Independent Production Service, an entity developed for the sole purpose of funding independent productions, will serve to provide producers increased access to the system and foster an improved, cooperative working relationship between the independent production community and the public broadcasting system. The Committee will monitor closely the performances of the Independent Production Service (IPS) and will review carefully the reports concerning IPS to be provided to the Congress by the Corporation for Public Broadcasting. Finally, the Committee notes its expectation that, despite the advent of IPS, the public broadcasting community will continue to utilize or increase utilization of independent producers or independent productions throughout the structure of public broadcasting, including the SPC, program funds and other program selection and funding processes.

Minority Programming and Equal Employment Opportunity

Historically the Committee has expressed concern that only a minimal amount of minority and culturally diverse programming is available on public television. The 1978 legislation addressed some of the concerns of minority organizations and public interest groups by expanding station responsibilities to include open board meetings, added accountability and reporting requirements plus mandated increased opportunities for women and minorities. The Committee remains concerned, however, that minorities and women have not had adequate access to funding for program pro-

duction or in employment and management in public broadcasting stations.

Overall, public broadcasting has made progress in matters affecting minorities since 1977 when the first study of minority participation was released. However, there is a growing and shifting diversity of minority needs as seen in the significant numbers of new immigrant groups from the Caribbean, Africa, Southeast Asia, Central America and the Middle East, for example, who pose new and difficult programming challenges for local public television and radio stations.

Last year, the CPB awarded \$800,000 to the five minority consortia, and the CPB and public television stations devoted a combined total of approximately \$3 million to programs addressing the needs of minorities for both new and continuing programming. The Committee believes that this is inadequate. There are 29 million Blacks and 18 million Hispanics in the United States. Those two groups alone constitute approximately 20 percent of our nation's population. This figure does not take into account other ethnic and racial minority groups. Further, this percentage is increasing at a rapid rate. Thus, the need for programming addressing those audiences, including foreign language programming, should be a primary concern of public radio and television stations and the CPB.

While much progress may have been made toward increasing minority participation in public broadcasting in the past decade, the committee is very sensitive to the need for increased minority participation in all aspects of mass media, particularly programming. Although all broadcasters, commercial and noncommercial, are subject to the same FCC equal employment requirements, the committee believes that the employment record of public broadcasters and, for that matter, production entities involved with public broadcasting, should be a model for the telecommunications community. It is the Committee's hope that the creation of a board to monitor minority employment and programming service to minority audiences will foster a greater diversity of programming.

Public Radio Expansion

Although the public radio system has met the challenge presented by Congress twenty years ago to bring quality, alternative programming to the American people, public radio should examine how to provide service to those unserved and underserved audiences—people who are acutely disadvantaged and whose needs are not being met adequately by either commercial or noncommercial radio.

Many Americans, including the elderly, ethnic minorities and children, can be served by public radio if we can substantially increase the number of CPB qualified stations. There are many non-commercial educational stations that are not CPB qualified, but are providing important services in the local communities. CPB should consider methods to support those stations, and where possible, to upgrade those stations to CPB-CSG qualification standards. In addition, CPB should help such stations become interconnected to the public radio satellite system. Interconnection services will enable those stations to draw from public radio's extensive and

growing repertory or national programming; and share their special brand of local programming with a wider national audience.

The Committee directs CPB to fund a study in consultation with the public radio community to plan for the expansion of services to unserved and underserved audiences. This study should be an on going activity that tracks old and new stations to identify localities and communities that are not being adequately served.

HEARINGS

On November 18, 1987 the House Subcommittee on Telecommunications and Finance held an oversight hearing on public broadcasting. At the hearing witnesses discussed monetary needs of public broadcasting at the national and local levels as well programming section and independent production. Witnesses for the hearing were: John Wicklein, Director, Kiplinger Mid-career Program and Public Affairs Reporting at Ohio State University School of Journalism; Howard Gutin, Chairman, Corporation for Public Broadcasting (CPB); Sharon Percy Rockefeller, Member of the Board of Directors, Public Broadcasting Service (PBS); Henry Hampton, President, Blackside, Incorporated; Robert Larson, President and General Manager, WTVS in Detroit; William Kling, President, Minnesota Public Radio; William Siemering, Executive Producer, SOUNDPRINT, WJHU-FM at John Hopkins, Baltimore, Maryland; and Raymond Ho, Executive Director of Maryland Public Radio from Maryland Center for Public Broadcasting in Owings Mills.

On March 10, 1988 the House Telecommunications Subcommittee held a hearing on H.R. 4118. At the hearing, witnesses discussed appropriate authorization levels for FY 1991 through 1993, satellite replacement for the Public Broadcasting Service (PBS) and National Public Radio (NPR) interconnection service and a proposal to increase access to the public broadcasting system by independent producers. Witnesses for the hearing were: Donald Ledwig, President, CPB; Bruce Christensen, President, PBS; David Brugger, President, National Association of Public Television Stations; Douglas Bennet, President, NPR; Lawrence Daressa, Cochair, National Coalition of Independent Public Television Producers; and Pamela Yates, independent producer affiliated with Skylight Pictures.

COMMITTEE CONSIDERATION

On Thursday, June 30, 1988, the Subcommittee on Telecommunications and Finance met in open session and ordered reported the bill H.R. 4118, as amended, by a voice vote, with a quorum being present. On Tuesday, July 12, 1988, the Committee met in open session and ordered reported the Bill H.R. 4118, as reported by the Subcommittee, without amendment, by a voice vote, with a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Subcommittee held one oversight hearing and made findings that are reflected in the legislative report.

COMMITTEE OF GOVERNMENT OPERATIONS

Pursuant to clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, not oversight findings have been submitted to the Committee by the Committee on Government Operations.

COMMITTEE COST ESTIMATE

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the Committee believes that the cost incurred in carrying out H.R. 4118 would be as described in the accompanying letter from the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 4, 1988.

Hon. JOHN D. DINGELL,
*Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 4118, the Public Telecommunications Act of 1988, as ordered reported by the House Committee on Energy and Commerce on July 12, 1988.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM,
Acting Director.

Attachment.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 4118.
2. Bill title: Public Telecommunications Act of 1988.
3. Bill status: As ordered reported by the House Committee on Energy and Commerce on July 12, 1988.
4. Bill purpose: The purpose of this bill is to amend the Communications Act of 1934 by reauthorizing both the Corporation For Public Broadcasting (CPB) and the Public Telecommunications Facilities planning and construction program. In addition, a Public Broadcasting Satellite Interconnection Fund is established by the bill. The bill would also create an independent production service to coordinate the expenditure of Corporation funds for the production of public television programs and a board to investigate the possibilities of improving the delivery of public broadcasting services to minority and culturally diverse communities.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1989	1990	1991	1992	1993
Public Telecommunications Facilities, Planning and Construction:					
Authorization level.....	36	39	42		
Estimated Outlays.....	4	21	30	35	17
Public Broadcasting Fund:					
Authorization level.....			304	354	404
Estimated outlays.....			304	354	404

[By fiscal years, in millions of dollars]

	1989	1990	1991	1992	1993
Satellite Interconnection Fund:					
Authorization level.....			200		
Estimated outlays.....			200		
BW total:					
Authorization level.....	36	39	546	354	404
Estimated outlays.....	4	21	534	389	421

The costs of this bill fall in Function 500.

Basis of estimate: H.R. 4118, the Public Telecommunications Act of 1988, would amend the Communications Act of 1934 by reauthorizing both the Corporation For Public Broadcasting and the Public Telecommunications Facilities planning and construction program. In addition, a Public Broadcasting Satellite Interconnection Fund within the CPB is also established by the bill.

All authorization levels are stated in the bill. Outlay estimates of the Public Telecommunications Facilities planning and construction program reflect the current spending pattern of the program. Outlay estimates for the Public Broadcasting Fund and the Satellite Interconnection Fund reflect the current spending pattern of the CPB.

Authorization levels are assumed to be fully appropriated at the beginning of each fiscal year.

6. Estimated cost to State and local governments: The Congressional Budget Office has determined that the budgets of state and local governments would not be affected directly by enactment of this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: On July 13, 1988 the Congressional Budget Office prepared a cost estimate for S. 2114, the Public Telecommunications Act of 1988, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on June 28, 1988. The estimated cost to the federal government is identical for both bills.

9. Estimate prepared by: Michael Namian.

10. Estimate approved by: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee makes the following statement with regard to the inflationary impact of the reported bill: The bill would have no inflationary impact.

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title

This section states that the short title of this bill is the "Public Telecommunications Act of 1988".

Section 2. Public Telecommunications Facilities Authorization

This section amends Section 391 (47 U.S.C. 391) of the Communications Act of 1934 to extend the authorization for funding to the Public Telecommunications Facilities Program, a matching grant program for the financial support of public television and radio facilities, to \$36 million in FY 1989, \$39 million in FY 1990 and \$42 million in FY 1991.

Section 3. Financing for the Corporation for Public Broadcasting

This provision of the legislation amends section 396(k)(1)(C) of the Communications Act of 1934 (47 U.S.C. 396(k)(1)(C)) to extend the authorization for funding the Corporation for Public Broadcasting to \$304 million in FY 1991, for \$354 million in FY 1992 and \$404 million in FY 1993.

Subsection (b) of the legislation amends the Communications Act of 1934 to create new subsections 396(k)(10) (A through D), establishing a special fund—referred to as the Satellite Interconnection Fund [hereinafter “the Fund”]. The Fund will service those expenses associated with the replacement, refurbishment, upgrading and maintenance of the public broadcasting systems’ national satellite systems. The Fund, together with all accrued interest or other earning on such monies, also will be used to ensure the continued provision of the high quality interconnection services presently offered by public broadcasting, facilitate the growth of public broadcasting’s interconnection systems, and encourage innovative uses of such systems.

New subsection 396(k)(10)(B) authorizes the appropriation of \$200 million to the Satellite Interconnection Fund for FY 1991. Although the Committee recommends that the full authorized amount be appropriated for FY 1991, the legislation requires that if the total amount of the appropriation is not appropriated for FY 1991, the portion of such amount not yet appropriated is authorized to be appropriated for FY 1992 and 1993. Further, the legislation would make such available to CPB appropriated funds as remained unexpended.

New subsection 396(k)(10)(C) requires the Secretary of the Treasury to disburse the appropriated funds to the Corporation at the beginning of each fiscal year.

In order to ensure that the expenditures of the funds are consistent with the needs of locally based Recipients (as defined below) and their local communities for national interconnection services, new subsection 396(k)(10)(D)(i) requires that the entire Fund be distributed by the Corporation directly to those licensees and permittee of noncommercial educational television broadcast stations providing public television services (“Television Recipients”) or the national entity they designate for satellite interconnection purposes and to those public telecommunications entities participating in the public radio interconnection system (“Radio Recipients”) or the national entity they designate for satellite interconnection purposes. The Committee intends that Radio Recipients be defined to mean those organizations which meet participation criteria established by the public radio satellite system governance body. Radio Recipients must sign agreements with the radio-system-operating

agency allowing them to share the governance of the system and obligating them to pay a full share of the operating costs of the system. Television Recipients and Radio Recipients are collectively referred to herein as the "Recipients".

The Committee directs that the entire Fund be used exclusively for the capital costs of the replacement, refurbishment or upgrading of public broadcasting's national satellite systems, and associated maintenance² costs of such systems. The Committee intends that the costs for which appropriated monies may be expended includes the lease costs of satellite transponders or their equipment should that prove more economically or logistically advantageous to the Recipients than a purchase arrangement, as well as the costs of project planning, engineering evaluation and design, and implementation that may be incurred by the Recipients or the national entities they designate. New section 396(k)(10) modifies existing law only as expressly stated therein and the Corporation's obligation to distribute monies for maintenance of the refurbished or replaced interconnection facilities under this new subsection is not meant to impose upon the Corporation any additional obligations, beyond those obligations imposed by existing law, to fund such costs in excess of amounts appropriated into the Fund.

The Corporation is fully accountable to the Congress for the expenditure of public funds appropriated to it in furtherance of the goals established by Congress for public broadcasting in its initial mandate. It is the intention of the Committee to maintain existing provisions of law relating to open meetings, maintenance of financial information, community advisory boards and annual rates of pay. Those provisions are law which are made expressly applicable to the Fund. (47 U.S.C. 396(k) (4), (5), (8) and (9).) Section 396(k)(10) is not intended to modify any of the Corporation's obligations and authorities to properly account for the expenditures of Federal monies.

New subsection 396(k)(10)(D)(ii) provides that monies appropriated into the Fund shall not be used for the general administrative and overhead costs of the Corporation, the salaries or related expenses of Corporation personnel and members of the board, or for expenses of consultants and advisors to the Corporation. By this provision, the Committee intends that the entire Fund be used for the replacement, refurbishment, upgrading or maintenance of public broadcasting's national satellite interconnection system.

Public television and public radio share the need to assure continued satellite interconnection capability, but each system is organized and governed in a manner which best suits the stations that system serves. The Committee has addressed their common needs in this legislation by establishing a single Satellite Interconnection Fund, but, at the same time, the Committee recognizes the need for separate satellite systems for public television and public radio.

² Both NPR and PBS provide maintenance services to public stations from a central location. When the interconnection system is replaced this maintenance equipment may also have to be retooled, upgraded or replaced. In addition, for example, additional funding may be necessary to contract for maintenance to be provided by the equipment manufacturers depending on the cost. Accordingly, funding is authorized to ensure that adequate maintenance can be provided for the new system.

Finally, it is the Committee's intent that the new satellite interconnection system be designed so as to be sufficiently flexible as to capable of adapting to future developments in television technology, including advanced or high definition television technologies.

Section 4. Independent Production

Section 4 of the legislation would amend Section 396(k)(3)(B) of the Communications Act of 1934 (47 U.S.C. 396) to create new Subsection (iii)(I) which would require CPB, to provide "adequate funding" during FY 1990 and subsequent years, for an Independent Production Service.

The Committee intends that an aggregate initial amount of at least \$6 million provided by the CPB for IPS for each of the first three years of service. It is the Committee's further intent that funds provided IPS by the CPB be utilized for production costs. The Committee does not intend that overhead and promotional costs of the service be paid from this initial annual funding of \$6 million dollars. The Committee assumes that the IPS will be in full service by fall of 1989, with the understanding that CPB will provide start-up costs for the installation of the service this year. However, the funding levels for IPS intended by the Committee assume that CPB will retain discretion over a sufficient amount of funds so that it can fulfill its other statutory obligations. Finally, neither the creation of the IPS, nor its funding at a \$6 million level is intended to exhaust the Corporation's statutory commitment to provide a substantial portion of its programming funds to independent producers and productions.

Section (II) provides that the Service shall be separate from the Corporation and will be incorporated under the law of the District of Columbia for the purposes of contracting with the Corporation. The Committee intends that the structure and composition of the Service's governing board will be acceptable to the CPB.

Section (III) provides that the Corporation will work with independent producers and production entities to develop and plan an acceptable budget for the operation of the IPS. The Committee recommends that personnel from public television stations be involved in the planning of the advisory board and that an appropriate number of such personnel will serve on the advisory council and governing board. The advisory board will provide added input to the decision-making governing board. The Committee intends that participation in this service will be open and that present or past association with public television stations will not automatically exclude a particular producer from participation. The determination of who is eligible for funding by the IPS will be made by the governing board or the advisory council.

Section (IV) ensures that funds provided by the CPB to the IPS will be used exclusively to ensure the Corporation's obligation to "expand the diversity and innovativeness of programming available to public broadcasting".

The Committee also recommends that the Corporation ensure that the IPS make a special commitment and effort to produce programs by and about minorities in addition to continuing its support of the minority consortia. Minority programming is an essential foundation of public broadcasting. The existing minority consortia

which represents the United States' largest and fastest growing ethnic and racial minority communities, have been an effective vehicle despite a very minimal funding level of only \$800,000. The Corporation should continue and expand its work and commitment to the minority communities in these ways in order to improve integration of minority programming and producers into the system and to help cultivate and further increase the participation of ethnic and racial audiences in public broadcasting. The bill does not mandate any specific level of funding for the minority consortia. In an effort to ensure support for culturally diverse programming, the Committee assumes that sufficient funds will be allocated for the minority consortia and recommends an annual allocation level of an additional \$3 million.

Section (V) requires that the Corporation report to Congress each year on the activities and expenditures of the IPS. At the end of FY 1992, the Corporation must submit an evaluation report on the performance of the IPS to Congress. This report shall examine the IPS with regard to its mission to "expand the diversity and innovativeness of programming available to public broadcasting". The Committee also expects the IPS to contribute to public television's historical and traditional commitment to children's television. Innovative and diverse programming geared to the child, as well as the adult, audience should be the goal of IPS. The Committee will closely monitor the performance of IPS in this area.

Section 5. Investigation Required

Section 5 requires the CPB to establish a board to report to Congress annually during 1989 through 1991 on public television and radio broadcasting's initiatives and programmatic response to the needs of minority and diverse audiences. Subsection (a) of this Section also permits the board to make legislative proposals to improve broadcasting services to minority and culturally diverse audiences.

In establishing an independent review board within the Corporation, the Committee expects that the board will review the hiring and employment practices of the Corporation, entities within the public broadcasting system and those entities who do not fall under FCC guidelines, but who are responsible for development, selection or production of selecting of programming which airs on public television and radio.

The Committee is of the opinion that CPB, PBS and public radio can better serve the needs of minority communities, including the Hispanic, Black, and Asian communities, and where the population justifies it, to provide Spanish and Asian language programming. It is expected that the review board will assist CPB, public television and public radio in focusing its efforts toward this end.

The Committee does not expect the board, pursuant to the requirements of this section, to duplicate data collection efforts of the Corporation on employment or minority program, unless it finds the need for greater detail than is currently provided, or if it determines that the current data collection methods are not appropriate measures of services provided to the minority community.

The Committee intends that this Section not supersede the Corporation's or member station's own direct responsibilities to the

Congress and to the public with regard to minority programming and employment. It is not the intent of the Committee that the Board created by this Section oversee program grant functions of the Corporation or involve itself in licensee program decisions. Rather, the Committee intends that the Board provide recommendations reflective of the needs and interests of the minority community, including both the minority creative community and minority audiences. Local public licensee boards have sole responsibility under the Communications Act of 1934 and the Public Broadcasting Act of 1967 for the programming policies and broadcasts of public broadcasting stations.

Subsection (b) grants to the board authority to hold hearings, take testimony, and to review, request and gain access to information from public broadcasting entities on programming and employment policies. This authority is not limited solely to programming and employment policies but may be extended to other practices and policies directly relating to participation in the public broadcasting system by racial and ethnic minorities.

Subsection (c) details the composition of the board. The seven board members will be appointed by the CPB board of directors after consultation with public broadcasting entities and representatives of minority interest groups and independent minority production entities. The appointees shall be racially, ethnically and culturally diverse as well as representing different geographic locations. The board shall include a representative of the minority independent production entities. Finally, no employee of a public broadcasting entity shall be a board member. The Committee does not intend by this provision to exclude from Board membership qualified persons who may have a non-staff working relationship with a public broadcasting entity.

Subsection (d) requires that board members will serve without compensation; however, members will be reimbursed for travel expenses as well as per diem in lieu of subsistence as permitted by section 5703 of Title 5, U.S.C. for federal government employees.

Subsection (e) requires that the Corporation supply the board with appropriate personnel and support services it needs to fulfill its duties and functions.

The Committee recognizes that the Corporation has provided leadership and assistance to interested persons and public broadcasting licensees in the area of minority services. The Committee also recognizes that the Corporation already collects and analyzes data on minority and women's employment, and on minority programming within public broadcasting. At this time, the record of public broadcasting system compares favorably to other broadcaster and cable entities in the employment of minorities. The Committee notes, however, that there is considerable room for improvement in the record of the public broadcasting system, and particularly at the member station level with regard to service to minority communities and employment of women and minorities. The Committee further notes that station employment practices are most noticeably deficient in upper four job category positions. The Committee directs the CPB to work with the Board created under this Subsection and with public broadcasting stations to address this

continuing and long-standing problem in an expeditious fashion. The Committee will closely monitor performance in this area.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

COMMUNICATIONS ACT OF 1934

* * * * *

PART IV—ASSISTANCE FOR PUBLIC TELECOMMUNICATIONS

FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS;

CORPORATION FOR PUBLIC BROADCASTING

Subpart A—Assistance for Public Telecommunications Facilities

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 391. There are authorized to be appropriated \$40,000,000 for each of the fiscal years 1979, 1980, and 1981, \$20,000,000 for fiscal year 1982, \$15,000,000 for fiscal year 1983, \$12,000,000 for fiscal year 1984, \$24,000,000 for fiscal year 1986, \$28,000,000 for fiscal year 1987, [and] \$32,000,000 for fiscal year 1988, *\$36,000,000 for fiscal year 1989, \$39,000,000 for fiscal year 1990, and \$42,000,000 for fiscal year 1991*, to be used by the Secretary of Commerce to assist in the planning and construction of public telecommunications facilities as provided in this subpart. Sums appropriated under this subpart for any fiscal year shall remain available until expended for payment of grants for projects for which applications approved by the Secretary pursuant to this subpart have been submitted within such fiscal year. Sums appropriated under this subpart may be used by the Secretary to cover the cost of administering the provisions of this subpart.

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Subpart C—Corporation for Public Broadcasting

DECLARATION OF POLICY

SEC. 396. (a) * * *

* * * * *

FINANCING; OPEN MEETINGS AND FINANCIAL RECORDS

(k)(1)(A) * * *

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(C) There is authorized to be appropriated to the Fund, for each of the fiscal years 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988,

1989, [and 1990,] 1990, 1991, 1992, and 1993, an amount equal to 50 percent of the total amount of non-Federal financial support received by public broadcasting entities during the fiscal year second preceding each such fiscal year, except that the amount so appropriated shall not exceed \$180,000,000 for fiscal year 1981, \$200,000,000 for fiscal year 1982, \$220,000,000 for fiscal year 1983, \$145,000,000 for fiscal year 1984, \$153,000,000 for fiscal year 1985, \$162,000,000 for fiscal year 1986, \$200,000,000 for fiscal year 1987, \$214,000,000 for fiscal year 1988, \$238,000,000 for fiscal year 1989, [and] \$254,000,000 for fiscal year 1990, \$304,000,000 for fiscal year 1991, \$354,000,000 for fiscal year 1992, and \$404,000,000 for fiscal year 1993.

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(3)(A) * * *

(B)(i) * * *

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(iii)(I) For fiscal year 1990 and succeeding fiscal years, the Corporation shall, in carrying out its obligations under clause (i) with respect to public television programming, provide adequate funds for an independent production service.

(II) Such independent production service shall be separate from the Corporation and shall be incorporated under the laws of the District of Columbia for the purpose of contracting with the Corporation for the expenditure of funds for the production of public television programs by independent producers and independent production entities.

(III) The Corporation shall work with organizations or associations of independent producers or independent production entities to develop a plan and budget for the operation of such service that is acceptable to the Corporation.

(IV) The Corporation shall ensure that the funds provided to such independent production service shall be used exclusively in pursuit of the Corporation's obligation to expand the diversity and innovativeness of programming available to public broadcasting.

(V) the Corporation shall report annually to Congress regarding the activities and expenditures of the independent production service. At the end of fiscal year 1992, the Corporation shall submit a report to Congress evaluating the performance of the independent production service in light of its mission to expand the diversity and innovativeness of programming available to public broadcasting.

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(10)(A) There is hereby established in the Treasury a fund which shall be known as the Public Broadcasting Satellite Interconnection Fund (hereinafter in this subsection referred to as the "Satellite Interconnection Fund"), to be administered by the Secretary of the Treasury.

(B) There is authorized to be appropriated to the Satellite Interconnection Fund, for fiscal year 1991, the amount of \$200,000,000. If such amount is not appropriated in full for fiscal year 1991, the portion of such amount not yet appropriated is authorized to be appropriated for fiscal years 1992 and 1993. Funds appropriated to the

Satellite Interconnection Fund shall remain available until expended.

(C) The Secretary of the Treasury shall make available and disburse to the Corporation, at the beginning of fiscal year 1991 and of each succeeding fiscal year thereafter, such funds as have been appropriated to the Satellite Interconnection Fund for the fiscal year in which such disbursement is to be made.

(D) Notwithstanding any other provision of this subsection except paragraphs (4), (5), (8), and (9), all funds appropriated to the Satellite Interconnection Fund—

(i) shall be distributed by the Corporation to the licensees and permittees of noncommercial educational television broadcast stations providing public telecommunications services or the national entity they designate for satellite interconnection purposes and to those public telecommunications entities participating in the public radio satellite interconnection system or the national entity they designate for satellite interconnection purposes, exclusively for the capital costs of the replacement, refurbishment, or upgrading of their national satellite interconnection systems and associated maintenance of such systems; and

(ii) shall not be used for the general administrative costs of the Corporation, the salaries or related expenses of Corporation personnel and members of the Board, or for expenses of consultants and advisers to the Corporation.

* * * * *

SUPPLEMENTAL VIEWS

While we share support for H.R. 4118 and the public broadcasting community, we have been concerned by the complaints we have received from our constituents about the stereo encoding ("satellite scrambling") of the Public Broadcasting System's national program transmissions.

We have no quarrel with PBS's desire to provide stereo sound to its public broadcasting audience, but the implementation of this policy was not particularly well thought-out, and has created confusion among the PBS viewership, and in some cases, has led to the certainly unintended consequence of creating animosity by some viewers towards PBS.

We urge PBS to make a better effort to communicate to that portion of its viewing public which uses satellite dishes about how to receive PBS programming, and to ensure that the satellite dish community has continued free access to all PBS programming which has, in part, been paid for with their tax dollars.

MIKE SYNAR.
JIM COOPER.
HOWARD NIELSON.
JIM SLATTERY.
WAYNE DOWDY.
AL SWIFT.
JOHN BRYANT.
RON WYDEN.
BILL RICHARDSON.
BILLY TAUZIN.
MICKEY LELAND.

ADDITIONAL VIEWS OF HON. DON RITTER

PBS is faced with the need to replace its current 4-transponder C-Band satellite interconnection system by early 1991. The space segment of the new system will be in service for ten to twelve years. As PBS looks to its future transponder needs, it must continue to consider the implications of technology in fulfilling public television's mission.

We are fast becoming a CRT screen oriented society. Television learning courses are emerging as a new and very effective way of exposing more of our young people to the best professors and teaching methods. Interactive video and data services, which will further enhance the capabilities of television learning are just around the corner. Advanced or High Definition Television promises to offer many other exciting new uses for the television medium in addition to entertainment. These uses will include applications in fields such as medicine, microbiology, education, and engineering, just to name a few.

In the past, public television has been a leader in developing and applying broadcast technology for public service use. Retaining that leadership position requires adequate technological vision, channel capacity and money. The public television request for the replacement satellite system incorporates the technological vision to be able to take advantage of technologies such as HDTV, interactive video and digital data distribution. To do so will require some increased transponder channel capacity. Additional capacity will also be needed to meet the increasing need for broadcast distribution of video education material. Accordingly, the present funding request envisions a new space segment consisting of 4 C-Band and 2 Ku-band transponders. PBS considers this to be a conservative estimate of need, considering that the space segment is intended to meet public television's needs until the next century.

Public television's contribution to our society is not only in its quality programming, but also in its pioneering role in applying technology to enhance its public service mission. PBS established the first satellite delivery system for national distribution of broadcast television programs, which made possible cost-effective distribution of multiple program feeds to better meet the needs of local public television stations throughout the United States. PBS also provided technological leadership in adding closed captioning to the TV signal, thereby allowing hearing impaired viewers to fully enjoy television programming. PBS is now beginning to reach out to those who cannot speak English through selected programs that have the audio simulcast in two languages on the SAP channel, which is incorporated in new stereo receivers. This second audio channel is a unique added feature of the U.S. television industry stereo standard which was adopted four years ago. PBS is also

using it to test a "descriptive video service" for the visually impaired.

PBS is currently working on a unique coding system that should enable it to distribute educational video material capable of being recorded on consumer videocassette recorders and then accessed in conjunction with personal computers to provide interactive video teaching material.

Public television's ability not only to accommodate new technologies in its satellite replacement planning, but also to continue its pioneering efforts to apply those technologies to public service uses, will depend on the availability of adequate funding. In authorizing \$200 million for FYs 1991, 1992, and 1993, we are ensuring that funding is available for these important technological advances. I expect CPB, PBS and NPR to keep the Committee fully informed about all technical and technological advances contemplated and implemented by them, especially as HDTV becomes a reality.

DON RITTER.

SUPPLEMENTAL VIEWS

Seven years ago, the House Telecommunications Subcommittee considered a number of bills on funding for the Corporation for Public Broadcasting (CPB). One bill (H.R. 3238, 97th Congress) introduced by Messrs. Wirth and Waxman proposed smaller authorizations each year for public broadcasting: between \$160 million in fiscal year (FY) 1984 to \$130 million in FY 1986. The chairman of the Telecommunications Subcommittee at that time, Congressman Wirth, stated publicly that "[W]e are all prisoners here in the real world. Federal dollars for public broadcasting will not and cannot be increased." That was several years before Gramm-Rudman-Hollings. In FY 1984, the amount of money authorized for CPB nearly matched the appropriation. Public broadcasting then received about \$140 million.

To say the least, some things have changed. In the FY 1988 Continuing Resolution, public broadcasting received approximately \$232 million for FY 1990. This is \$980 million, or 60%, more than it received just six fiscal years ago. The authorizations also continue to increase without regard to reality. Public broadcasting was authorized \$22 million more than it received in FY 1990. If the Public Telecommunications Act is passed, the Congress will be authorizing nearly twice as much money in FY 1991 as it did five years before. The one thing that has not changed is that the government has limited resources and must authorize funds where they will do the most good.

The authorization increases in H.R. 4118 are completely out of proportion. This is especially true because public broadcasting has never been in better financial health. According to a preliminary CPB report, the total income of public broadcasting in FY 1987 grew 14%, to about \$1.30 billion. The same report states that private funding increased by nearly 11%, to over \$1 billion. All available monies appropriated to CPB are doled out to the stations through the "matching fund" mechanism. In FY 1987, public radio stations received approximately \$32 million, and public TV stations received \$100.3 million. The fact that public broadcasting stations raise more money than enough private funds to qualify for every available Federal dollar is further proof that the system should not be entitled to continually increasing authorizations.

Twenty years ago, the Public Broadcasting Act described Federal funding of public broadcasting programming as "seed money" that was necessary because sufficient private funds were not available. It is clear that those seeds have borne fruit, and that requests for increased authorizations beyond current levels should be evaluated much more carefully by this Committee in the future.

In authorizing funds for public broadcasting, Congress also should compare authorization levels for other purposes approved by this Committee. For example, the House has authorized less

than a 2% increase in the Federal Communication Commission's (FCC) budget in FYs 1988 and 1989, and the agency will actually be appropriated less money in real terms in FY 1989. This comes at a time when the FCC's responsibilities have never been greater or more diverse. Still, the agency is expected to regulate three of the largest and most pervasive industries—broadcasting, cable television, and telephone—on a budget of less than half of the sum appropriated for public broadcasting each year.

More importantly, Congress is freezing or providing only microscopic funding increases for numerous health programs. Every Member of this Committee undoubtedly could recall particular health programs that deserved additional funding, but were restricted because of budgetary concerns. Two recent examples will suffice. The House recently passed H.R. 4503, the Community and Migrant Health Centers Amendments of 1988. That bill approved an approximate 3% increase for essential programs that provide medical care to agricultural workers and other underserved populations. The House also recently approved H.R. 1861, which authorized a 1½% increase in the Preventive Health Services block grant to the States. The same bill reauthorized a program to provide emergency medical services for children, but did not raise the funding levels beyond the existing \$2 million.

This situation is more than a little ironic. With one hand, Congress freezes funding for medical programs, including emergency programs for children. With the other hand, Congress authorizes ever-increasing sums for public broadcasting programming. Hopefully, this is not an accurate reflection of our national priorities. Few could dispute that public broadcasting deserves at most the same authorization limits as essential health programs.

The massive increase in CPB authorizations proposed by the Public Telecommunications Act is a mirage. It obscures the fact that the Federal dollars available to public broadcasting cannot be expanded. Supporters of public broadcasting know that the pie-in-the-sky funding authorized by the Public Broadcasting Act will never occur. These disproportionate authorizations only delay responsible debate inside and outside public broadcasting on how the system can grow without further infusions of taxpayer dollars. In the Gramm-Rudman-Hollings era, when many more essential programs are frozen or limited to small increases, any significant increase in public broadcasting programming is not possible. This Committee should have recognized that when it authorized CPB's funds. We hope the House will agree, and that it will approve more realistic funding levels.

NORMAN F. LENT.
 CARLOS J. MOORHEAD.
 BILL DANNEMEYER.
 BOB WHITTAKER.
 DAN COATS.
 TOM BLILEY.
 JACK FIELDS.
 MICHAEL G. OXLEY.
 HOWARD C. NIELSON.
 MICHAEL BILIRAKIS.
 DAN SCHAEFFER.
 JOE BARTON.

ADDITIONAL VIEWS OF HON. MICHAEL G. OXLEY AND
HON. HOWARD C. NIELSON

The Public Telecommunications Act provides for an increase of \$50 million in funding for the Corporation for Public Broadcasting (CPB) every year between fiscal years (FYs) 1991 to 1993. This is a 20-percent increase over the FY 1990 authorization of \$254 million, and over \$70 million more than the FY 1990 appropriation of \$232 million. These figures do not even include the extra \$200 million which H.R. 4118 authorizes for a new public broadcasting satellite.

In an era of fiscal austerity, these proposed increases are outrageous, especially when they are compared to the budget freezes or minuscule increases given to essential health and safety programs. This Committee should approve authorization bills that contain reasonable, and realistic, authorization levels. Unfortunately, the funding limits contained in H.R. 4118 are neither reasonable nor realistic.

If Congress believes that public broadcasting is worthy of stable Federal budgetary support, it should consider a freeze or a cost-of-living increase on the authorization levels. Additionally, it should readjust the so-called "matching fund" ratio, which keys the amount of Federal dollars a station receives to the amount of its private support. Currently, the "matching fund" ratio is expressed variously as 50-percent or 2-to-1; that is, for every \$2 of private support, a station is entitled to \$1. Given public broadcasting's success in fundraising, a lower matching fund ratio, perhaps 40 percent or 2½-to-1, would provide public stations with an additional incentive to rely on alternative sources of funding.

The \$200 million authorization for the "Satellite Interconnection Fund" also poses troubling questions. These funds are meant for the replacement of the existing public broadcasting satellite, and for maintaining the interconnections with the satellite. Needless to say, \$200 million is a great deal of money—almost as much as CPB was appropriated for FY 1990.

The "Satellite Interconnection Fund" was included in the Public Telecommunications Act at CPB's request. Yet, as far as we know, neither CPB nor any other public broadcasting entity even attempted to procure private, non-Federal funding sources to ease the burden on the budget—even though the system makes \$2.4 million annually from renting out excess satellite capacity. Apparently, CPB expects that the Government alone should bear that burden. However, I believe it should attempt to find private funding to substitute for any Federal funds actually appropriated for satellite interconnection. In this way, CPB could show its gratitude to the taxpayers and demonstrate its good faith by making efforts to obtain non-Federal means of support for its telecommunications infrastructure.

I am pleased that public broadcasting is beginning to ask itself hard questions about the role of its programming in the vastly changed radio and television marketplace. It also should ask itself equally important questions about how its service should be supported in an era of limited Federal funding. It is clear that public broadcasting cannot grow unless it expands efforts to fund its existence through private sources. My efforts to limit CPB's funding over the years hopefully have contributed to recognition of this fact by the public broadcasting establishment.

If public broadcasting does not immediately begin to look for new funding sources, the system may be in dire shape when the pressure for Federal budget-cutting continues to increase in the 1990's. I hope for the best—but fear the worst.

MICHAEL G. OXLEY.
HOWARD C. NIELSON.