

PUBLIC BROADCASTING ACT OF 1967

OCTOBER 18, 1967.—Ordered to be printed

Mr. STAGGERS, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany S. 1160]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1160) to amend the Communications Act of 1934 by extending and improving the provisions thereof relating to grants for construction of educational television broadcasting facilities, by authorizing assistance in the construction of noncommercial educational radio broadcasting facilities, by establishing a nonprofit corporation to assist in establishing innovative educational programs, to facilitate educational program availability, and to aid the operation of educational broadcasting facilities; and to authorize a comprehensive study of instructional television and radio; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Public Broadcasting Act of 1967".

TITLE I—CONSTRUCTION OF FACILITIES

EXTENSION OF DURATION OF CONSTRUCTION GRANTS FOR EDUCATIONAL BROADCASTING

Sec. 101. (a) Section 391 of the Communications Act of 1934 (47 U.S.C. 391) is amended by inserting after the first sentence the following new sentence: "There are also authorized to be appropriated for

carrying out the purposes of such section, \$10,500,000 for the fiscal year ending June 30, 1968, \$12,500,000 for the fiscal year ending June 30, 1969, and \$15,000,000 for the fiscal year ending June 30, 1970."

(b) The last sentence of such section is amended by striking out "July 1, 1968" and inserting in lieu thereof "July 1, 1971".

MAXIMUM ON GRANTS IN ANY STATE

SEC. 102. Effective with respect to grants made from appropriations for any fiscal year beginning after June 30, 1967, subsection (b) of section 392 of the Communications Act of 1934 (47 U.S.C. 392(b)) is amended to read as follows:

"(b) The total of the grants made under this part from the appropriation for any fiscal year for the construction of noncommercial educational television broadcasting facilities and noncommercial educational radio broadcasting facilities in any State may not exceed 8½ per centum of such appropriation."

NONCOMMERCIAL EDUCATIONAL RADIO BROADCASTING FACILITIES

SEC. 103. (a) Section 390 of the Communications Act of 1934 (47 U.S.C. 390) is amended by inserting "noncommercial" before "educational" and by inserting "or radio" after "television".

(b) Subsection (a) of section 392 of the Communications Act of 1934 (47 U.S.C. 392(a)) is amended by—

(1) inserting "noncommercial" before "educational" and by inserting "or radio" after "television" in so much thereof as precedes paragraph (1);

(2) striking out clause (B) of such paragraph and inserting in lieu thereof "(B) in the case of a project for television facilities, the State noncommercial educational television agency or, in the case of a project for radio facilities, the State educational radio agency,";

(3) inserting "(i) in the case of a project for television facilities," after "(D)" and "noncommercial" before "educational" in paragraph (1)(D) and by inserting before the semicolon at the end of such paragraph "or (ii) in the case of a project for radio facilities, a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage noncommercial educational radio broadcasting and is eligible to receive a license from the Federal Communications Commission; or meets the requirements of clause (i) and is also organized to engage in or encourage such radio broadcasting and is eligible for such a license for such a radio station";

(4) striking out "or" immediately preceding "(D)" in paragraph (1), and by striking out the semicolon at the end of such paragraph and inserting in lieu thereof the following: "or (E) a municipality which owns and operates a broadcasting facility transmitting only noncommercial programs;";

(5) striking out "television" in paragraphs (2), (3), and (4) of such subsection;

(6) striking out "and" at the end of paragraph (3), striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and inserting after paragraph (4) the following new paragraph:

"(5) that, in the case of an application with respect to radio broadcasting facilities, there has been comprehensive planning for educational broadcasting facilities and services in the area the applicant proposes to serve and the applicant has participated in such planning, and the applicant will make the most efficient use of the frequency assignment."

(c) Subsection (c) of such section is amended by inserting "(1)" after "(c)" and "noncommercial" before "educational television broadcasting facilities", and by inserting at the end thereof the following new paragraph:

"(2) In order to assure proper coordination of construction of non-commercial educational radio broadcasting facilities within each State which has established a State educational radio agency, each applicant for a grant under this section for a project for construction of such facilities in such State, other than such agency, shall notify such agency of each application for such a grant which is submitted by it to the Secretary, and the Secretary shall advise such agency with respect to the disposition of each such application."

(d) Subsection (d) of such section is amended by inserting "noncommercial" before "educational television" and inserting "or noncommercial educational radio broadcasting facilities, as the case may be," after "educational television broadcasting facilities" in clauses (2) and (3).

(e) Subsection (f) of such section is amended by inserting "or radio" after "television" in the part thereof which precedes paragraph (1), by inserting "noncommercial" before "educational television purposes" in paragraph (2) thereof, and by inserting "or noncommercial educational radio purposes, as the case may be" after "educational television purposes" in such paragraph (2).

(f)(1) Paragraph (2) of section 394 of such Act (47 U.S.C. 394) is amended by inserting "or educational radio broadcasting facilities" after "educational television broadcasting facilities," and by inserting "or radio broadcasting, as the case may be" after "necessary for television broadcasting".

(2) Paragraph (4) of such section is amended by striking out "The term 'State educational television agency' means" and inserting in lieu thereof "The terms 'State educational television agency' and 'State educational radio agency' mean, with respect to television broadcasting and radio broadcasting, respectively," and by striking out "educational television" in clauses (A) and (C) and inserting in lieu thereof "such broadcasting".

(g) Section 397 of such Act (47 U.S.C. 397) is amended by inserting "or radio" after "television" in clause (2).

FEDERAL SHARE OF COST OF CONSTRUCTION

SEC. 104. Subsection (e) of section 392 of the Communications Act of 1934 (47 U.S.C. 392(e)) is amended to read as follows:

"(e) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to the applicant in the amount determined by him, but not exceeding 75 per centum of the amount determined by the Secretary to be the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with construction progress, as he may determine."

INCLUSION OF TERRITORIES

SEC. 105. (a) Paragraph (1) of section 394 of the Communications Act of 1934 is amended by striking out "and" and inserting a comma in lieu thereof, and by inserting before the period at the end thereof "the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands".

(b) Paragraph (4) of such section is amended by inserting "and, in the case of the Trust Territory of the Pacific Islands, means the High Commissioner thereof" before the period at the end thereof.

INCLUSION OF COSTS OF PLANNING

SEC. 106. Paragraph (2) of section 394 of the Communications Act of 1934 is further amended by inserting at the end thereof the following: "In the case of apparatus the acquisition and installation of which is so included, such term also includes planning therefor."

TITLE II—ESTABLISHMENT OF NONPROFIT EDUCATIONAL BROADCASTING CORPORATION

SEC. 201. Part IV of title III of the Communications Act of 1934 is further amended by—

(1) inserting

"SUBPART A—GRANTS FOR FACILITIES"

immediately above the heading of section 390;

(2) striking out "part" and inserting in lieu thereof "subpart" in sections 390, 393, 395, and 396;

(3) redesignating section 397 as section 398, and redesignating section 394 as section 397 and inserting it before such section 398, and inserting immediately above its heading the following:

"SUBPART C—GENERAL"

(4) redesignating section 396 as section 394 and inserting it immediately after section 393;

(5) inserting after "broadcasting" the first time it appears in clause (2) of the section of such part IV redesignated herein as section 398 "or over the Corporation or any of its grantees or contractors, or over the charter or bylaws of the Corporation,".

(6) inserting in the section of such part IV herein redesignated as section 397 the following new paragraphs:

"(6) The term 'Corporation' means the Corporation authorized to be established by subpart B of this part.

"(7) The term 'noncommercial educational broadcast station' means a television or radio broadcast station, which (A) under the rules and regulations of the Federal Communications Commission in effect on the date of enactment of the Public Broadcasting Act of 1967, is eligible to be licensed or is licensed by the Commission as a noncommercial educational radio or television broadcast station and which is owned and operated by a public agency or nonprofit private foundation, corporation, or association or (B) is owned and operated by a municipality and which transmits only noncommercial programs for educational purposes.

“(8) The term ‘interconnection’ means the use of microwave equipment, boosters, translators, repeaters, communication space satellites, or other apparatus or equipment for the transmission and distribution of television or radio programs to noncommercial educational television or radio broadcast stations.

“(9) The term ‘educational television or radio programs’ means programs which are primarily designed for educational or cultural purposes.”

(7) striking out the heading of such part IV and inserting in lieu thereof the following:

“PART IV—GRANTS FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; CORPORATION FOR PUBLIC BROADCASTING”

(8) inserting immediately after the section herein redesignated as section 398 the following:

“EDITORIALIZING AND SUPPORT OF POLITICAL CANDIDATES PROHIBITED

“SEC. 399. No noncommercial educational broadcasting station may engage in editorializing or may support or oppose any candidate for political office.”

(9) inserting after section 395 the following new subpart:

“SUBPART B—CORPORATION FOR PUBLIC BROADCASTING

“Congressional Declaration of Policy

“SEC. 396. (a) The Congress hereby finds and declares—

“(1) that it is in the public interest to encourage the growth and development of noncommercial educational radio and television broadcasting, including the use of such media for instructional purposes;

“(2) that expansion and development of noncommercial educational radio and television broadcasting and of diversity of its programming depend on freedom, imagination, and initiative on both the local and national levels;

“(3) that the encouragement and support of noncommercial educational radio and television broadcasting, while matters of importance for private and local development, are also of appropriate and important concern to the Federal Government;

“(4) that it furthers the general welfare to encourage noncommercial educational radio and television broadcast programming which will be responsive to the interests of people both in particular localities and throughout the United States, and which will constitute an expression of diversity and excellence;

“(5) that it is necessary and appropriate for the Federal Government to complement, assist, and support a national policy that will most effectively make noncommercial educational radio and television service available to all the citizens of the United States;

“(6) that a private corporation should be created to facilitate the development of educational radio and television broadcasting and to afford maximum protection to such broadcasting from extraneous interference and control.

“Corporation Established

“(b) There is authorized to be established a nonprofit corporation, to be known as the ‘Corporation for Public Broadcasting’, which will not be an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this section, and, to the extent consistent with this section, to the District of Columbia Nonprofit Corporation Act.

“Board of Directors

“(c)(1) The Corporation shall have a Board of Directors (hereinafter in this section referred to as the ‘Board’), consisting of fifteen members appointed by the President, by and with the advice and consent of the Senate. Not more than eight members of the Board may be members of the same political party.

“(2) The members of the Board (A) shall be selected from among citizens of the United States (not regular fulltime employees of the United States) who are eminent in such fields as education, cultural and civic affairs, or the arts, including radio and television; (B) shall be selected so as to provide as nearly as practicable a broad representation of various regions of the country, various professions and occupations, and various kinds of talent and experience appropriate to the functions and responsibilities of the Corporation.

“(3) The members of the initial Board of Directors shall serve as incorporators and shall take whatever actions are necessary to establish the Corporation under the District of Columbia Nonprofit Corporation Act.

“(4) The term of office of each member of the Board shall be six years; except that (A) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (B) the terms of office of members first taking office shall begin on the date of incorporation and shall expire, as designated at the time of their appointment, five at the end of two years, five at the end of four years, and five at the end of six years. No member shall be eligible to serve in excess of two consecutive terms of six years each. Notwithstanding the preceding provisions of this paragraph, a member whose term has expired may serve until his successor has qualified.

“(5) Any vacancy in the Board shall not affect its power, but shall be filled in the manner in which the original appointments were made.

“Election of Chairman; Compensation

“(d)(1) The President shall designate one of the members first appointed to the Board as Chairman; thereafter the members of the Board shall annually elect one of their number as Chairman. The members of the Board shall also elect one or more of them as a Vice Chairman or Vice Chairmen.

“(2) The members of the Board shall not, by reason of such membership, be deemed to be employees of the United States. They shall, while attending meetings of the Board or while engaged in duties related to such meetings or in other activities of the Board pursuant to this subpart be entitled to receive compensation at the rate of \$100 per day including travel time, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of sub-

sistence, equal to that authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

“Officers and Employees

“(e)(1) *The Corporation shall have a President, and such other officers as may be named and appointed by the Board for terms and at rates of compensation fixed by the Board. No individual other than a citizen of the United States may be an officer of the Corporation. No officer of the Corporation, other than the Chairman and any Vice Chairman, may receive any salary or other compensation from any source other than the Corporation during the period of his employment by the Corporation. All officers shall serve at the pleasure of the Board.*

“(2) *Except as provided in the second sentence of subsection (c)(1) of this section, no political test or qualification shall be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the Corporation.*

“Nonprofit and Nonpolitical Nature of the Corporation

“(f)(1) *The Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.*

“(2) *No part of the income or assets of the Corporation shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.*

“(3) *The Corporation may not contribute to or otherwise support any political party or candidate for elective public office.*

“Purposes and Activities of the Corporation

“(g)(1) *In order to achieve the objectives and to carry out the purposes of this subpart, as set out in subsection (a), the Corporation is authorized to—*

“(A) facilitate the full development of educational broadcasting in which programs of high quality, obtained from diverse sources, will be made available to noncommercial educational television or radio broadcast stations, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature;

“(B) assist in the establishment and development of one or more systems of interconnection to be used for the distribution of educational television or radio programs so that all noncommercial educational television or radio broadcast stations that wish to may broadcast the programs at times chosen by the stations;

“(C) assist in the establishment and development of one or more systems of noncommercial educational television or radio broadcast stations throughout the United States;

“(D) carry out its purposes and functions and engage in its activities in ways that will most effectively assure the maximum freedom of the noncommercial educational television or radio broadcast systems and local stations from interference with or control of program content or other activities.

“(2) *Included in the activities of the Corporation authorized for accomplishment of the purposes set forth in subsection (a) of this section, are, among others not specifically named—*

“(A) to obtain grants from and to make contracts with individuals and with private, State, and Federal agencies, organizations, and institutions;

“(B) to contract with or make grants to program production entities, individuals, and selected noncommercial educational broadcast stations for the production of, and otherwise to procure, educational television or radio programs for national or regional distribution to noncommercial educational broadcast stations;

“(C) to make payments to existing and new noncommercial educational broadcast stations to aid in financing local educational television or radio programming costs of such stations, particularly innovative approaches thereto, and other costs of operation of such stations;

“(D) to establish and maintain a library and archives of noncommercial educational television or radio programs and related materials and develop public awareness of and disseminate information about noncommercial educational television or radio broadcasting by various means, including the publication of a journal;

“(E) to arrange, by grant or contract with appropriate public or private agencies, organizations, or institutions, for interconnection facilities suitable for distribution and transmission of educational television or radio programs to noncommercial educational broadcast stations;

“(F) to hire or accept the voluntary services of consultants, experts, advisory boards, and panels to aid the Corporation in carrying out the purposes of this section;

“(G) to encourage the creation of new noncommercial educational broadcast stations in order to enhance such service on a local, State, regional, and national basis;

“(H) conduct (directly or through grants or contracts) research, demonstrations, or training in matters related to noncommercial educational television or radio broadcasting.

“(S) To carry out the foregoing purposes and engage in the foregoing activities, the Corporation shall have the usual powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act, except that the Corporation may not own or operate any television or radio broadcast station, system, or network, community antenna television system, or interconnection or program production facility.

“Authorization for Free or Reduced Rate Interconnection Service

“(h) Nothing in the Communications Act of 1934, as amended, or in any other provision of law shall be construed to prevent United States communications common carriers from rendering free or reduced rate communications interconnection services for noncommercial educational television or radio services, subject to such rules and regulations as the Federal Communications Commission may prescribe.

“Report to Congress

“(i) The Corporation shall submit an annual report for the preceding fiscal year ending June 30 to the President for transmittal to the Congress on or before the 31st day of December of each year. The report shall include a comprehensive and detailed report of the Corporation's operations,

activities, financial condition, and accomplishments under this section and may include such recommendations as the Corporation deems appropriate.

“Right To Repeal, Alter, or Amend

“(j) The right to repeal, alter, or amend this section at any time is expressly reserved.

“Financing

“(k)(1) There are authorized to be appropriated for expenses of the Corporation for the fiscal year ending June 30, 1968, the sum of \$9,000,000, to remain available until expended.

“(2) Notwithstanding the preceding provisions of this section, no grant or contract pursuant to this section may provide for payment from the appropriation for the fiscal year ending June 30, 1968, for any one project or to any one station of more than \$250,000.

“Records and Audit

“(l)(1)(A) The accounts of the Corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation and necessary to facilitate the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents and custodians shall be afforded to such person or persons.

“(B) The report of each such independent audit shall be included in the annual report required by subsection (i) of this section. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the Corporation's assets and liabilities, surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the Corporation's income and expenses during the year, and a statement of the sources and application of funds, together with the independent auditor's opinion of those statements.

“(2)(A) The financial transactions of the Corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians.

All such books, accounts, records, reports, files, papers and property of the Corporation shall remain in possession and custody of the Corporation.

“(B) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary, and to the Corporation at the time submitted to the Congress.

“(S) (A) Each recipient of assistance by grant or contract, other than a fixed price contract awarded pursuant to competitive bidding procedures, under this section shall keep such records as may be reasonably necessary to fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

“(B) The Corporation or any of its duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this section. The Comptroller General of the United States or any of his duly authorized representatives shall also have access thereto for such purpose during any fiscal year for which Federal funds are available to the Corporation.”

TITLE III—STUDY OF EDUCATIONAL AND INSTRUCTIONAL BROADCASTING

STUDY AUTHORIZED

SEC. 301. The Secretary of Health, Education, and Welfare is authorized to conduct, directly or by contract, and in consultation with other interested Federal agencies, a comprehensive study of instructional television and radio (including broadcast, closed circuit, community antenna television, and instructional television fixed services and two-way communication of data links and computers) and their relationship to each other and to instructional materials such as videotapes, films, discs, computers, and other educational materials or devices, and such other aspects thereof as may be of assistance in determining whether and what Federal aid should be provided for instructional radio and television and the form that aid should take, and which may aid communities, institutions, or agencies in determining whether and to what extent such activities should be used.

DURATION OF STUDY

SEC. 302. The study authorized by this title shall be submitted to the President for transmittal to the Congress on or before June 30, 1969.

APPROPRIATION

Sec. 303. There are authorized to be appropriated for the study authorized by this title such sums, not exceeding \$500,000, as may be necessary. And the House agree to the same.

HARLEY O. STAGGERS,
TORBERT H. MACDONALD,
HORACE R. KORNEGAY,
WILLIAM L. SPRINGER,
JAMES T. BROYHILL,
Managers on the Part of the House.

WARREN G. MAGNUSON,
JOHN O. PASTORE,
MIKE MONRONEY,
HUGH SCOTT,
JAMES B. PEARSON,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1160) to amend the Communications Act of 1934 by extending and improving the provisions thereof relating to grants for construction of educational television broadcasting facilities, by authorizing assistance in the construction of noncommercial educational radio broadcasting facilities, by establishing a nonprofit corporation to assist in establishing innovative educational programs, to facilitate educational program availability, and to aid the operation of educational broadcasting facilities; and to authorize a comprehensive study of instructional television and radio; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment strikes out all of the Senate bill after the enacting clause and inserts a substitute. The Senate recedes from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment. The differences between the House amendment and the conference substitute are noted in the following outline, except for incidental changes made necessary by reason of agreements reached by the conferees and minor and clarifying changes.

EDITORIALIZING

The House amendment contains provisions which would prohibit any noncommercial educational broadcast station from engaging in editorializing or supporting or opposing any candidate for political office. The Senate bill contains no comparable provisions.

The managers on the part of the Senate accepted the House provisions when it was explained that the prohibition against editorializing was limited to providing that no noncommercial educational broadcast station may broadcast editorials representing the opinion of the management of such station. It should be emphasized that these provisions are not intended to preclude balanced, fair, and objective presentations of controversial issues by noncommercial educational broadcast stations.

These provisions are consistent with the requirements of section 396(g)(1)(A) of the Communications Act of 1934 (which would be added by the conference substitute) which require that programs or series of programs of a controversial nature which are made available by the Public Broadcasting Corporation must adhere strictly to objectivity and balance.

DEFINITION OF "EDUCATIONAL TELEVISION OR RADIO PROGRAMS"

The House amendment defines "educational television or radio programs" to mean "programs which are primarily designed for educational or cultural purposes and not primarily for amusement or entertainment purposes". The Senate bill contained no comparable provisions. The conference substitute includes a definition of the term which is the same as the House version but for the deletion of the words "and not primarily for amusement or entertainment purposes".

OBJECTIVITY AND BALANCE OF CORPORATION PROGRAMS

Under both the Senate bill and the House amendment the Public Broadcasting Corporation is authorized to "facilitate the full development of educational broadcasting in which programs of high quality, obtained from diverse sources, will be made available to noncommercial educational television and radio broadcast stations". The House amendment provides, in addition, that in the case of programs of a controversial nature there must be strict adherence to objectivity and balance. The conference substitute adopts these provisions of the House amendment with a modification so as to make the requirement more flexible. As so modified, each program in a series need not meet the test of objectivity and balance, but the series, when considered as a whole, must.

ARRANGEMENT BY CORPORATION FOR INTERCONNECTIONS

Under the Senate bill and the House amendment, the Public Broadcasting Corporation is authorized to "arrange, by grant or contract . . . for interconnection facilities suitable for distribution and transmission of educational television or radio programs to noncommercial educational broadcast stations". Under the House amendment, however, the Corporation could only make such arrangements with those appropriate private agencies, organizations, or institutions which were *nonprofit*. This would have required the Corporation to make arrangements for interconnection facilities through nonprofit intermediaries and would, consequently, have delayed and complicated the Corporation's operations. This requirement has been omitted in the conference substitute.

The managers on the part of the House feel that the Corporation needs this flexibility, not to establish a fixed-schedule network operation, but in order to take advantage of special or unusual opportunities that warrant the Corporation directly contracting for interconnection facilities. Even under these circumstances, however, it should be made clear that the decision to broadcast any program for which interconnection is provided by the Corporation remains entirely within the discretion of the local station. In addition, it should be pointed out that this change does not mean that others—such as a group of noncommercial educational broadcast stations or a noncommercial educational radio or television network—could not also arrange for interconnection and receive financial assistance for it in the form of a grant or contract from the Corporation. The conference substitute would permit this to be done.

Further, the conferees wish to make it clear that the limitation contained in proposed section 396(k)(2) of the Communications

Act of 1934 should not and is not intended to apply with respect to interconnection costs.

SYSTEMS OF INTERCONNECTION

The House amendment provides the Public Broadcasting Corporation with authority to assist in the establishment and development of a *system* of interconnection to be used for the distribution of educational television or radio programs. The Senate version authorized the Corporation to assist in the establishment and development of *one or more systems* of interconnection for the same purpose. The conference substitute is the same in this respect as the Senate version.

DEFINITION OF "INTERCONNECTION"

Both the Senate bill and the House amendment contain definitions of the term "interconnection". The only difference in the two versions is that in the House amendment "airborne systems" were specifically included in the definition. The words "airborne systems" have been deleted from the definition in the conference substitute as unnecessary since "interconnection" is defined to include "other apparatus or equipment for the transmission and distribution of television or radio programs to noncommercial educational television or radio stations".

ADDITIONAL LIMITATION ON THE CORPORATION

Both the Senate bill and the House amendment prohibit the Public Broadcasting Corporation from owning or operating any television or radio broadcast station, system, or network, or interconnection or program production facility. In addition, the Senate bill prohibits the Corporation from owning or operating any community antenna television system. The conference substitute is the same in this respect as the Senate bill.

RECORDS AND AUDIT

The House amendment contains provisions requiring an annual audit of the accounts of the Public Broadcasting Corporation by independent certified or licensed public accountants; and, for any fiscal year during which Federal funds are available to finance any portion of the Corporation's operations provides that "the financial transactions of the Corporation shall be subject to an audit by the General Accounting Office". The Senate bill contains no provisions with respect to records and audit.

The conference substitute is the same as the House version with two minor changes in order to make it clear that for any fiscal year during which Federal funds are available to finance any portion of the Corporation's operations the General Accounting Office is authorized, but not required, to audit the financial transactions of the Corporation. Thus, the following language from the House report on H.R. 6736 (the House companion bill to S. 1160) is an apt description of the provisions of the conference substitute relating to records and audit:

Provision for a GAO audit was not originally included in H.R. 6736 because it was felt that such audits carry with them

the power of the Comptroller General to settle and adjust the books being examined and that this authority would be contrary to the desired insulation of the Corporation from Government control. The Committee is also sensitive to the importance of having the Corporation free from Government control. However, the bill does not provide authority for the settlement of accounts. The provision is similar to that included in the Government Corporation Control Act (31 U.S.C. 841) with the exception that the audits are not required to be performed annually. It is expected that the GAO audits will be performed at such times as believed necessary by the Comptroller General or Congress in order to supplement the audits of the independent public accountants.

The audits are to be performed in accordance with the principles and procedures applicable to commercial corporate transactions and, in the case of GAO audits, under such rules and regulations as may be prescribed by the Comptroller General of the United States.

STUDY OF EDUCATIONAL AND INSTRUCTIONAL BROADCASTING

The House amendment authorizes a study of instructional television, including its relationship to educational television broadcasting and such other aspects thereof as may assist in determining *whether* Federal aid should be provided therefor and the form that such aid should take. Under the House version the study would be submitted to the President for transmission to the Congress on or before January 1, 1969.

The Senate bill authorizes a comprehensive study of instructional television *and radio* and their relationship to each other and to instructional materials, and to such other aspects thereof as may be of assistance in determining *what* Federal aid should be provided for instructional radio and television and the form that aid should take. Under the Senate bill the study would be submitted to the President for transmittal to the Congress on or before June 30, 1969.

Both versions authorize not to exceed \$500,000 for the study.

The conference substitute is the same in this respect as the Senate bill, except that the study must also be addressed to the question of *whether* Federal aid should be provided for instructional radio and television.

HARLEY O. STAGGERS,
TORBERT H. MACDONALD,
HORACE R. KORNEGAY,
WILLIAM L. SPRINGER,
JAMES T. BROYHILL,

Managers on the part of the House.

