

Rogers

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File

CORPORATION FOR PUBLIC BROADCASTING NEWS

888 SIXTEENTH STREET, N.W., WASHINGTON, D. C. 20006 ☐ TELEPHONE: (202) 293-6160

New York, May 9 -- The Board of the Corporation for Public Broadcasting today unanimously approved a four-point proposal for agreement with the Public Broadcasting Service recommended by the CPB's Negotiating Committee. The proposal is as follows:

(1) CPB will in consultation with PBS, decide all CPB-funded programs through a CPB program department. Should PBS dissent from any particular programming decision of the CPB program department, PBS may appeal to the chief operating officers of CPB and PBS. Should these executives fail to agree, final appeal may be made to the respective chairmen of the two organizations. Their joint decision is final.

(2) All non-CPB funded programs will have access to the interconnection. Should there be any conflict of opinion as to balance and objectivity of any of these programs, either group can appeal to a monitoring committee consisting of three CPB trustees and three PBS trustees. It will take four votes of this committee to bar a program's access to the interconnection.

(3) Scheduling of the interconnection will be done by a group of three appointed by PBS and three appointed by CPB, and a seventh participant, chosen by the three CPB members and the three PBS members, who will be connected with neither CPB nor PBS and will act as chairman of the scheduling group.

(4) The agreement with PBS would be mutually reviewed at the end of twelve months of operation.

"In approving this four-point proposal the Board was moved by the conviction that it is consonant with the legal responsibilities of CPB, the independence of PBS, the public's need for diversity of programming and the principle of full access to the interconnection for individual stations, production centers and independent producers," Dr. James R. Killian, Jr., Chairman of CPB stated after the Board's unanimous vote.

"The Board's proposal is presented in the spirit of partnership that both sides seek to achieve. It is put forward in the hope that it will lead to a conclusion that will end the fruitless bickering that has been doing serious damage to public broadcasting.

"We invite the Public Broadcasting Service Negotiating Committee to give early consideration to this proposal so that we can proceed toward an agreement without delay."

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New York, May 9 -- The Board of the Corporation for Public Broadcasting today adopted the following Statement of Principles:

The Corporation for Public Broadcasting was established by Congress in 1967 to be a non-governmental, non-profit, non-political private corporation "to facilitate the development of educational radio and television broadcasting and to afford maximum protection to such broadcasting from extraneous interference and control."

The Board of the Corporation today, after five years of experience, reaffirmed its belief in the wisdom of these provisions of the Public Broadcasting Act. The Corporation is wholly devoted to this requirement that it be independent and that government be scrupulous in recognizing that it must be insulated from political influence or the control of special interests.

The Corporation also reaffirms its dedication to the principle that the local stations must be the bedrock upon which public television is erected. As the Carnegie report put it: "What we have sought to design is an institution that will represent public television, that in behalf of public television, will receive and disburse Federal, state, and local government funds, as well as private funds, and yet will be free of political interference."



The Public Broadcasting Act also requires the Corporation to "facilitate the full development of educational broadcasting in which programs of high quality, obtained from diverse services, will be made available to non-commercial educational television or radio broadcasting stations, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature." The Board has sought diligently to find the proper means and organizational arrangements to carry out these injunctions of the Act. The Board welcomes the reorganized Public Broadcasting Service and wishes to join with it in a partnership arrangement that recognizes the legal responsibilities of the Corporation and the needs, views and independence of the local stations.

It continues to negotiate with the Public Broadcasting Service on mutually acceptable ways of providing the interconnection services required by the local public broadcasting stations. The Corporation for Public Broadcasting has never "broken off negotiations" with PBS.

The Corporation also believes that Federal funds must come to it through some process of long-range financing. Year-to-year authorizations and appropriations make it almost impossible to plan programs of exceptional quality and they also open the door to unacceptable pressures on the part of both the executive and legislative branches of government.

By its resolution of March 7, the Board unanimously endorsed the provisions of S.1090 (Pastore, Magnuson): "The Corporation regards the two-year authorization (in this Bill) as basic to sound planning for public radio and television activities and to the efficient use of taxpayer dollars. The Corporation regards the \$60 million and \$70 million levels (of Federal support in the Bill) for Fiscal 1974 and Fiscal 1975, respectively, as essential to the maintenance of a pattern of deliberate growth in public broadcasting's quality and quantity of services to the American People." The Board whole-heartedly endorses extension of the Educational Broadcasting Facilities Program.

On these, the critical legislative issues confronted by public broadcasting today, the CPB Board and its President have steadfastly maintained the Corporation's right and responsibility to speak out independently in the best interests of the non-commercial broadcasting community and the public. We shall continue to do so.

Just as an informed citizenry is essential to a functioning democracy, so public affairs programs are an essential ingredient of a healthy system of public broadcasting. Inadequate funds have forced CPB to cut back drastically on all our television program planning for the coming season and public affairs programs have suffered. If adequate funds become available we will move rapidly to fund more programs, including public affairs.

The Board would like to associate itself again with the final paragraphs from the Carnegie Commission's report, which reads as follows:

"If we were to sum up our proposal with all the brevity at our command, we would say that what we recommend is freedom. We seek freedom from the constraints, however necessary in their context, of commercial television. We seek for educational television freedom from pressures of inadequate funds. We seek for the artist, the technician, the journalist, the scholar, and the public servant freedom to create, freedom to innovate, freedom to be heard in this most far-reaching medium. We seek for the citizen freedom to view, to see programs that the present system, by its incompleteness, denies him.

"Because this freedom is its principal burden, we submit our Report with confidence: to rally the American people in the name of freedom is to ask no more of them than they have always been willing to provide."

May 9, 1973

CORPORATION FOR PUBLIC BROADCASTING NEWS

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FOR RELEASE: May 9, 1973
Contact: Vern Richey
(Joe Dine, N.Y. 212-582-2020)

CPB BOARD ELECTS KILLIAN CHAIRMAN,
BENJAMIN VICE-CHAIRMAN; QUAYLE NEW SENIOR V.P.

New York, May 9 -- The Board of Directors of the Corporation for Public Broadcasting, at its monthly meeting here today, announced the election of:

Dr. James R. Killian Jr., as Chairman;

Robert S. Benjamin, as Vice-Chairman;

Donald R. Quayle as Senior Vice President for Broadcasting.

Henry Loomis continues as President and Chief Executive Officer of the Corporation.

Dr. Killian is widely regarded as "the father of public television." He was Chairman of the Carnegie Commission on Educational Television which in 1967 made the widely-acclaimed recommendation that led to passage by Congress later that year of the Public Broadcasting Act. He has been Vice-Chairman of CPB since its inception.

Dr. Killian was president of M.I.T. from 1949 to 1959, and chairman from then until 1971. He was science adviser to

(more)



President Eisenhower from 1957 to 1959.

Dr. Killian explained to the Board of CPB that he was accepting the chairmanship at this time as a challenge to accomplish the following:

"1. A speedy completion of negotiations between CPB and PBS, providing representation for local stations, so that they could henceforth work as a vigorous partnership in behalf of the independence and diversity of public broadcasting and improve the excellence of its programs.

2. The development, passage by Congress and approval by the Executive branch of a long-range financing program that would remove public broadcasting from the political hazards of annual appropriations.

3. The further strengthening of local stations together with their autonomy and independence.

4. The reaffirmation of public affairs programs as an essential responsibility of public broadcasting."

The Board of the Corporation for Public Broadcasting at its meeting today unanimously endorsed this four-point program.

Benjamin is Chairman of the Board of Directors of United Artists Corporation, a Director of Transamerica Corporation and a senior partner in the New York law firm of Phillips, Nizer, Benjamin, Krim and Ballon.

(more)

Benjamin was member of the U.S. Delegation to the 22nd General Assembly of the United Nations, with the rank of Ambassador. He is co-chairman of the United Nations Association of the United States of America. He has been a trustee of various educational and cultural institutions and otherwise widely active in public affairs.

Quayle, who joins the CPB in June, has been president of National Public Radio since 1970 when he left CPB as its director for systems development. Earlier he was executive director for the Eastern Educational Television Network and associate director of station relations for National Educational Television. Prior to this he managed public radio stations in Columbus and Boston.

Both Killian and Benjamin are original appointees to the CPB Board, having been named by President Johnson and confirmed by the Senate in 1968.

Killian is an Independent; Benjamin is a Democrat.

There are currently thirteen members of the Board and two vacancies. Six of the current members are Democrats and six are Republicans, with one Independent. By law, no more than eight members of one party may serve on the Board.

Dr. Killian's election comes after the resignation of former CPB Chairman Thomas B. Curtis following the April 13 board meeting. Dr. Killian had been Vice-Chairman of the CPB Board.

67-3

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

May 18, 1973

DIRECTOR

MEMORANDUM FOR THE RECORD

I met with Len Garment last week to discuss some of the thinking we had been doing about Administration directions in the communications field. I laid out the following areas in which we were considering some shift in our directions, and Mr. Garment is in general accord with each.

1. Public Broadcasting. A great deal of mutual misunderstanding and mistrust has arisen between the Administration and various parts of the public broadcasting community. The recent reconstitution of the Public Broadcasting Service emphasizing its role as representative of the local stations and the current dispute between CPB and PBS may provide an opportunity for bringing about an accord in this area. If an acceptable accord can be reached between CPB and PBS that is reasonably acceptable to the Administration, then we probably should support a compromise involving two-year funding, particularly if the funding levels can be kept in the vicinity of \$55 and \$65 million respectively. Otherwise, another veto may be necessary. In any event, we should explore a more long-range constructive accommodation in this area.

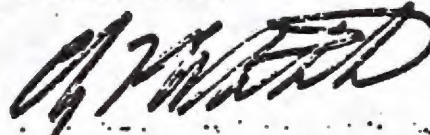
2. Cable Television. The President's Cabinet committee on cable television policy is completing its report recommending appropriate government policy to guide the growth of cable television. The thrust of the report is removing barriers to the growth of cable, thereby expanding the number of channels, the fare, diversity, and choice available to the viewing public, and minimizing controls by the FCC over program content that exist in broadcasting. We are developing this report along with a cable demonstration program which can be released to the public and/or cast as a major constructive Presidential initiative. This could be done soon if desirable.

3. License Renewal. The Administration license renewal bill makes four significant changes in the current FCC procedures for renewing radio and TV licenses. The effect of the bill is to minimize the extent of government controls over television programming within the constraints of the licensing process, provide more stability for broadcast stations. Our

strategy last December was to stress the importance of broadcasters' exercising more voluntary responsibility over news, advertising, violence and the like in return for this removal of government control. Since December, we have been stressing the removal of government control and will continue to do so.

4. Communications Privacy. OTP is responsible by Executive Order for recommending policy on communications security and privacy. Existing laws do not provide sufficient protections in view of the increasingly sophisticated technology for intercepting private communications. OTP will draft legislation that would be tougher and more clear about individual rights in this field to help determine if such legislation would be appropriate.

5. Miscellaneous. OTP also has under consideration a number of legislative and policy initiatives in the domestic and international common carrier communication area. The thrust of these initiatives is toward removing barriers that exist in FCC rules or legislation to the growth of competitive specialized communications services and equipment in competition with the large ATT monopoly and the ITT/RCA control of international data communications. A few of these activities have political significance, but they are sound changes in policy that will encourage the application of communications and computer technology more freely and at lower cost and are likely to be perceived as evidence of the Administration's doing a sound job and being willing to propose special protection for entrenched big businesses.



Clay T. Whitehead

MSG # 14446
URGENT

TO: ALL STATIONS
ATTENTION: GENERAL MANAGERS AND PUBLIC INFORMATION
DIRECTORS
FR: HARTFORD GUNN & GEORGE PAGE, PBS
DT: 5-31-73

ENCLOSED IS A COPY OF THE JOINT AGREEMENT BETWEEN CPB AND PBS WHICH HAS ARRIVED AT ON WEDNESDAY, MAY 23RD AND WHICH HAS BEEN AGREED TO BY THE BOARD OF THE CORPORATION TODAY.

THIS TEXT WILL BE THE BASIS FOR THE DISCUSSION AT THE PRESS CONFERENCE WHICH IS BEING HELD JOINTLY BETWEEN CPB AND PBS ON THE PBS INTERCONNECTION BEGINNING AT 2 P.M. EDT TODAY. PLEASE SHARE THIS WITH ANY MEMBERS OF THE PRESS WHO INTEND TO PARTICIPATE IN THE PRESS CONFERENCE VIA TELEPHONE. THE TELEPHONE NUMBER IS (214) 263-5372.

THE TEXT OF THE AGREEMENT IS AS FOLLOWS:

FOR 2 P.M. EDT.

A JOINT RESOLUTION
OF
THE CORPORATION FOR PUBLIC BROADCASTING AND
THE PUBLIC BROADCASTING SERVICE

RESOLVED, BY THE BOARDS OF THE CORPORATION FOR PUBLIC BROADCASTING AND THE PUBLIC BROADCASTING SERVICE, THAT:

IN ORDER TO EFFECT A VIGOROUS PARTNERSHIP IN BEHALF OF THE INDEPENDENCE AND DIVERSITY OF PUBLIC TELEVISION AND TO IMPROVE THE EXCELLENCE OF ITS PROGRAMS:

→ TO ENHANCE THE DEVELOPMENT, PASSAGE BY CONGRESS, AND APPROVAL BY THE EXECUTIVE BRANCH OF A LONG-RANGE FINANCING PROGRAM THAT WOULD REMOVE PUBLIC BROADCASTING FROM THE POLITICAL HAZARDS OF ANNUAL AUTHORIZATIONS AND APPROPRIATIONS:

TO FURTHER STRENGTHEN THE AUTONOMY AND INDEPENDENCE OF LOCAL PUBLIC TELEVISION STATIONS; AND

TO REAFFIRM THAT PUBLIC AFFAIRS PROGRAMS ARE AN ESSENTIAL RESPONSIBILITY OF PUBLIC BROADCASTING.

THE BOARDS OF THE CORPORATION FOR PUBLIC BROADCASTING (CPB) AND THE PUBLIC BROADCASTING SERVICE (PBS) DO HEREBY JOINTLY ADOPT THE FOLLOWING AGREEMENT:

CPB WILL, IN CONSULTATION WITH PBS, OTHER INTERESTED PARTIES, AND THE PUBLIC, DECIDE ALL CPB FUNDED PROGRAMS THROUGH A CPB PROGRAM DEPARTMENT. THE CONSULTATION PRIOR TO CPB'S DECISION IS VITAL SO THAT THE CPB PROGRAMMING DEPARTMENT WILL UNDERSTAND WHAT THE LICENSEES' NEEDS ARE AND THUS AVOID ANY POSSIBILITY THAT CPB WILL FUND PROGRAMS THAT THE LICENSEES DO NOT WANT. BY SUCH A

CONSULTATION, WELL IN ADVANCE OF CPB PROGRAM DECISIONS, TIME AND VITALLY NEEDED DOLLARS CAN BE SAVED AND THE PUBLIC CAN BE BEST SERVED. IN THE EVENT THAT THE PBS PROGRAM DEPARTMENT DISSENTS FROM ANY PARTICULAR PROGRAM DECISION OF THE CPB PROGRAM DEPARTMENT, THE PBS PROGRAM DEPARTMENT MAY APPEAL TO THE CHIEF EXECUTIVES OF CPB AND PBS. SHOULD THESE EXECUTIVES FAIL TO AGREE, FINAL APPEAL MAY BE MADE TO THE RESPECTIVE CHAIRMEN OF THE TWO ORGANIZATIONS WHOSE JOINT DECISION WILL BE FINAL.

2. ALL NON-CPB FUNDED PROGRAMS, ACCEPTED UNDER PBS BROADCAST JOURNALISM STANDARDS AND NORMAL PBS PRODECURES, WILL HAVE ACCESS TO THE INTERCONNECTION.

3. SHOULD THERE BE ANY CONFLICT OF OPINION AS TO BALANCE AND OBJECTIVITY OF ANY PROGRAMS, REGARDLESS OF THE SOURCE OF FUNDING, EITHER GROUP CAN APPEAL TO A MONITORING COMMITTEE CONSISTING OF THREE CPB TRUSTEES AND THREE PBS TRUSTEES. IT WILL TAKE FOUR VOTES OF THIS COMMITTEE TO BAR A PROGRAM'S ACCESS TO THE INTERCONNECTION.

4. PBS, ON BEHALF OF THE STATIONS, WILL PREPARE A DRAFT SCHEDULE OF PROGRAMS FOR INTERCONNECTION. THE DRAFT SCHEDULE WILL BE FOR ONE YEAR DIVIDED INTO FOUR QUARTERS. IT WILL BE RESUBMITTED EACH QUARTER FOR THE ENSUING FOUR QUARTERS, TO PRESERVE THE MUTUAL INTERESTS OF BOTH CPB AND PBS. CPB WILL BE ADVISED AND CONSULTED IN THE DEVELOPMENT OF THE DRAFT SCHEDULE, AND WHEN EACH SUCH FOUR QUARTER SCHEDULE IS COMPLETED, IT SHALL BE SUBMITTED FOR APPROVAL OF CPB. IN THE EVENT THAT THE CPB PROGRAM DEPARTMENT DOES NOT AGREE TO THE DRAFT SCHEDULE, IT MAY APPEAL TO THE CHIEF EXECUTIVES OF CPB AND PBS. SHOULD THESE EXECUTIVES FAIL TO AGREE, THE ISSUE SHALL BE PRESENTED FOR FINAL DECISION TO THE BOARD CHAIRMEN OF CPB AND PBS. SHOULD THEY FAIL TO AGREE, THEY SHALL CHOOSE A THIRD PERSON TO WHOM THE ISSUE WILL BE PRESENTED AND WHOSE DECISION SHALL BE FINAL. EMERGENCY SCHEDULING DECISIONS WILL BE MADE IN ACCORDANCE WITH PROCEDURES APPROVED BY THE CHAIRMEN OF THE CPB AND PBS BOARDS. IN ANY EVENT, THE DRAFT AND FINAL SCHEDULES SHALL REFLECT THE ARRANGEMENT OF PROGRAMS FOR INTERCONNECTION SERVICE TO STATIONS, AND SHALL NOT BE REGARDED AS A SCHEDULE OF PROGRAMS FOR BROADCAST BY THE STATIONS.

5. THERE IS HEREBY ESTABLISHED A PARTNERSHIP REVIEW COMMITTEE CONSISTING OF AN EQUAL NUMBER OF TRUSTEES OF CPB AND PBS. SUCH COMMITTEE SHALL ASSESS THE WORKING OF THE PARTNERSHIP ON A REGULAR BASIS WITH FORMAL MEETINGS TO BE HELD NOT LESS THAN FOUR TIMES PER YEAR, FOR A FIVE-YEAR PERIOD BEGINNING WITH THE ADOPTION OF THIS JOINT RESOLUTION. THIS COMMITTEE WILL BE CHARGED WITH THE RESPONSIBILITY OF MAKING RECOMMENDATIONS TO THE BOARDS FOR ANY MODIFICATIONS WHICH THEY MAY DEEM DESIRABLE.

6. CPB AND PBS WILL FORMALIZE AN ANNUAL CONTRACT FOR THE PHYSICAL OPERATION OF THE INTERCONNECTION NOT LATER THAN AUGUST 31, 1973. PHYSICAL OPERATION OF THE INTERCONNECTION WILL BE BY PBS AND WILL BE FUNDED BY CPB. ANY DISPUTE AS TO THE TERMS OF THE CONTRACT WILL BE RESOLVED BY THE CHAIRMEN OF CPB AND PBS NO LATER THAN SEPTEMBER 30, 1973. CPB WILL CONTINUE TO FINANCE PBS ACTIVITIES AS IT HAS IN THE PAST UNTIL SEPTEMBER 30, 1973. FOLLOWING THAT DATE, PBS WILL FINANCE ITS OWN ACTIVITIES, RECEIVING FROM CPB ONLY THE FUNDS NECESSARY FOR THE PHYSICAL INTERCONNECTION SERVICES WHICH IT WILL RENDER UNDER THE CONTRACT.

7. CPB AND PBS HEREBY AGREE THAT CPB WILL PROVIDE THE MUTUALLY

DESIRED BEDROCK OF LOCALISM BY UNRESTRICTED GRANTS TO THE PUBLIC TELEVISION STATIONS. UNDER A FORMULA ACCEPTED BY CPB AND PBS. AGGREGATING ANNUALLY NOT LESS THAN 30% AT A \$45 MILLION LEVEL. INCREASING PROPORTIONATELY TO: 40% AT A \$60 MILLION LEVEL. 45% AT A \$70 MILLION LEVEL AND 50% AT AN \$80 MILLION LEVEL. CPB AND PBS WILL EXPRESS THIS COMMITMENT TO THE CONGRESS IN CONNECTION WITH THE PENDING LEGISLATION.

END (31/5)

~~Done~~ ✓

June 6, 1973

To: Hank Paulson

From: Tom Whitehead

I think we should get comments
from Pete Flanigan and Len
Garment in addition to the people
you discussed with Mr. Goldberg.

(copies of the memo also sent to Garment and Flanigan this date.)

cc:
DO Records
DO Chron
Mr. Whitehead ✓
Eva
GC Subject
GC Chron
Goldberg Chron

Eagle

CTWhitehead:jm

cc. *Ken Dixon*
Henry Kissinger

JUN 6 1973

MEMORANDUM FOR THE PRESIDENT

FROM: Clay T. Whitehead
SUBJECT: Public Broadcasting

Background

Last June you vetoed a two-year public broadcasting authorization bill, providing for funding at a total of \$155 million. Currently, the Corporation for Public Broadcasting (CPB) receives \$35 million in appropriated funds, based on a continuing authorization for Fiscal Year 1973. A bill has passed the Senate providing a two-year \$140 million authorization. House hearings on this bill, and the Administration's proposed one-year authorization at \$45 million, begin June 11.

During the past four months there has been a great deal of ferment in public broadcasting, including charges that the Administration has attempted to influence CPB to preclude funding of news and public affairs programs unfavorable to the Administration and to dismantle the public broadcasting network. This has led to a compromise between the Corporation and the Public Broadcasting Service (PBS, the station organization that operates the network). Key elements of the compromise give CPB a direct voice in determining the funding and scheduling of programs, rather than leaving the choice entirely to PBS. Moreover, questions of balance and objectivity will be determined prior to airing by CPB and PBS directors jointly. The compromise would establish a system of checks and balances between the boards of the 230 local stations, and the centralized program staffs of CPB and PBS, and the CPB board.

The compromise does not achieve all that we would like, but it represents a substantial improvement over the situation that existed prior to your veto. Moreover,

during the next year we will appoint seven of the fifteen-man CPB Board of Directors. Therefore, the combination of an acceptable compromise and the seven board appointments leads me to believe that the time is ripe for a change in our approach to public broadcasting.

Alternative Approaches

There are two alternative approaches: (1) continue to stress problems and dangers in public broadcasting and veto a two-year authorization bill; (2) accept a two-year authorization, but at a lower funding level, and build on the present CPB/FPS compromise to achieve a broader legislative consensus, which would seek a longer-range authorization and more decentralized, local control of funds and programs.

A veto -- if sustained -- would keep public broadcasting dependent upon annual appropriations and check the tendency toward network operations stressing journalistic enterprises. However, it would accomplish little more, if anything, than what we have already accomplished with last year's veto, and it would worsen the Administration's public posture of being against public broadcasting generally.

The advantages of the consensus approach are that we could limit the increases in funding by agreeing not to veto a two-year authorization. We would also avoid the potentially divisive battle to sustain a new veto and improve our chances of continuing to have a voice on the future directions of public broadcasting. The disadvantages are that the Corporation would have increased funding over a longer period of time before all the major issues regarding its objectives are resolved.

Recommended Approach

I recommend that we follow the consensus approach and take the following steps. Prior to my public broadcasting testimony next week, I will discuss our position with the

Subcommittee Chairman (Torbert Macdonald) and with key Republicans (Sam Devine and Bud Brown). In exchange for our agreement not to fight a two-year bill, I shall seek to have the level of funding reduced to around \$100 million for two years. In my testimony, however, I shall continue to oppose mildly two-year funding.

I will also support, albeit with reservations, the CPB/PBS compromise as a step in the right direction. I will announce our desire to reopen discussions to seek a broader consensus on longer range funding for public broadcasting. The objective is to gain support for a legislative restructuring of the public broadcasting system that will emphasize the role of the local station in decentralizing funding and programming decisions, stress cultural and educational programs, and deemphasize government-funded news programming.

Action

Proceed as recommended _____ Other _____

CC: Do Records
DO Chron
Mr. Whitehead
→ Eva
White House Files
GC Subject
GC Chron
Goldberg Chron

HGoldberg:pb:6-6-73

Dund *CP-3*

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

June 6, 1973

DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Clay T. Whitehead *Clay T. Whitehead*

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Action

Proceed as recommended _____ Other _____

Public Broadcasting

June 14, 1973

Tom

Hank

S

Rogers/Killian Meeting with the President

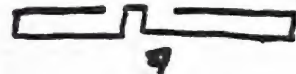
I have seen a letter to the President, dated June 6, from Messrs. Rogers and Killian requesting a meeting to discuss the new public broadcasting compromise and the joint objectives of CPB and PBS for public broadcasting. They state that they would like to have the President associate his Administration effectively and promptly with these objectives.

Apparently, Ziegler, and perhaps Garment, support the notion of such a meeting. Cole has been asked for his recommendation and Paulson's gut reaction is to oppose such a meeting at this time. Among the reasons for his opposition is that the meeting which Rogers and Killian requested is an end run around the President's communications and domestic affairs advisors and that it is premature for the President to discuss this subject. I suggested that the President may wish to wait until the current controversy over fiscal 1974 funding is resolved and until there is a new Chairman of CPB, which should come about sometime during the early fall.

cc: Brian Lamb

NAMES TO BE CONSIDERED FOR CPB BOARD

The following names were received by telephone from Dr. James R. Killian, Jr.,
Monday, July 16, 1973:



<u>Frank STANTON</u>	Head of Red Cross
<u>Richard OGILVIE</u>	Former Governor of Illinois
<u>Terry SANFORD</u>	President, Duke University and on Carnegie Commission
<u>William FRIDAY</u>	Head, North Carolina College and University System
<u>Frank NEWMAN</u>	Co-Chairman of Educational Task Force appointed by Secretary Eliot Richardson, and co-author of its provocative report; Director, University Relations of Stanford University.
<u>Clifton HORTON</u> (Black)	President, Michigan State University <i>former PBS board.</i>
<u>Richard Wall LYMAN</u>	President, Stanford University
<u>David MATHEWS</u>	President, University of Alabama
* <u>Edward LEVI</u>	President, University of Chicago
<u>Peter PETERSON</u>	Former Secretary of Commerce
<u>Rev. Leon SULLIVAN</u> (Black)	Minister in Philadelphia; initiator of Black training programs at General Motors.
<u>Lucius GREGG</u> (Black)	Former staff member of Sloan Foundation; former Dean, Northwestern University; now Vice President, First National Bank, Chicago.
* <u>Allan WALLIS</u>	Chancellor, University of Rochester; Economist in the Eisenhower Administration.

*I W Abel
J D Rockefeller III.*



* Oscar HANDLIN

Professor at Harvard

* Albert SHANKER

President of The United Federation of Teachers

John D. ROCKEFELLER III

Served several years on CPB and deeply interested.

* Irving Kristol told me he suggested these names sometime ago, among others. (JRK)

VARNER, Durward Belmont

Born: Cottonwood, Texas, January 1, 1917. Married. Three children.

B.S. - Texas A & M University - 1940; M.S. - University of Chicago - 1949;

LL.D. - Saginaw Valley College and Olivet College - 1969;

L.H.D. - Oakland University - 1970; LL.D. - Nebraska Wesleyan University
and Michigan State University - 1970.

1940-41	Assistant to President, Federal Land Bank, Houston;
1946-47	Assistant Dean of Students, Texas A & M University;
1949-52	Assistant Professor, Agric-Econ, Michigan State University;
1952-55	Director, Coop. Extension Service, Michigan State University;
1955-59	Vice President, Michigan State University;
1959-70	Chancellor, Oakland University, Rochester, Michigan;
1970-71	Chancellor, University of Nebraska;
1971 to present	President, University of Nebraska.

Director, Beatrice Foods, Inc.

Member, Joint Committee on U.S. -Japan Cultural and Ednl. Cooperation, 1971

Served from 2nd Lt. to Lt. Col. UAS; 1941-45;

Member Lincoln C. of C. ; Nebraska Academy of Sciences; Omaha Press Club;
Rotarian.

Thursday, August 2, 1973

Names which might be considered for CPB Board:

Frank Stanton
Head of Red Cross

Elma Lewis (Black)
Art entrepreneur

Erwin Canham
Christian Science Monitor

Richard Ogilvy
Former Republican Governor of Illinois

Terry Sanford
President, Duke University, Former Governor,
North Carolina, Member of Carnegie Commission

William Friday
Head of North Carolina College
and University System

Frank Newman (R)
Co Chairman of Educational Task Force
appointed by Sec. Elliot Richardson
Now Director of University Relations,
Stanford University

Clifton Wharton (Black)
President, Michigan State

Richard Lyman,
President, Stanford University

David Matthews
President, University of Alabama

Edward Levi *
President, University of Chicago

Peter G. Peterson
Investment Banker

Reverend Leon Sullivan (Black)
Minister, Philadelphia. Initiator of
Black Training Programs. Director of
General Motors

Lucias Gregg (Black)

Former staff member, Sloan Foundation,
a dean at Northwestern University, and
now Vice President, First National Bank,
Chicago

Allan Wallis *

Chancellor, University of Rochester,
former economist in Eisenhower administration

Oscar Handlin *

Professor, Harvard University

Albert Shanker *

President, United Federation of Teachers

John D. Rockefeller

Has served several years on CPB

Mrs. Mary Frances Wagley

Headmistress, St. Paul's School for Girls,
Brooklindville, Maryland

Leonard Woodcock

International Automobile Workers' Union

i. W. Abel

United Brotherhood of Carpenters & Joiners

Ether Peterson

Consumer Affairs, Circuit Road, Ave.

Sol L. Litwin

* Irving Kristol has told me that he suggested these
names some time ago, among others.

~~SECRET~~

July 19, 1973

MEMORANDUM FOR

Mr. David Wimer
The White House

I strongly recommend Virginia Duncan, Democrat of San Francisco, and Dr. John Millett, Republican presently of Washington, D.C., for the two vacancies that exist on the Board of the Corporation for Public Broadcasting. I am attaching resumes of each.

Cap Weinberger and I think Mrs. Duncan should receive priority consideration due to past promises from the Administration that she would be appointed to the next vacancy on the Board. She thoroughly understands the issues involved and is a strong supporter of the President.

Dr. Millett was introduced to me by the ranking Republican on the House Communications Subcommittee, Congressman Clarence J. Brown of Ohio. Dr. Millett has over 25 years' experience in the field of education in the State of Ohio. As past president of Miami University and Chancellor of the Board of Regents, he was responsible for building an extensive Ohio public television system that was used primarily for educational instruction. He also strongly supports the President's position on public television and would work closely with Congressman Brown. Brown has been an enormous help to the Administration in this area, and we badly need his help in the future.

In answer to your July 10, 1973, memo regarding Warren V. Bush, I have reviewed his biographical material and find it very impressive.

However, in my opinion, he should not be considered before two other Californians, Mrs. Duncan and Warren L. Wade, have been appointed to the Board.

The Board as not constituted apparently feels it should not elect a newcomer as Chairman this September. In my search for potential members of the Board who could be elected next September, I am favorably impressed with Allen Wallis, currently President of the University of Rochester. He has served on other boards and commissions for the President and should be on the top of the list to fill one of the five vacancies that will be created in March. Cap Weinberger agrees. He is a political independent.

Clay T. Whitehead

Attachments

cc:
DO Records
DO Chron
Mr. Whitehead
Mr. Eagle .
Mr. Lamb

mlf:7-19-73

VIRGINIA DUNCAN, PRODUCER/DIRECTOR
CHANNEL 9, KQED
SAN FRANCISCO, CALIFORNIA

Selected television programs produced and directed

- PROFILE: BAY AREA (1950-71); weekly public affairs program on community issues (Edward McQuade Award, 1964, for distinguished programming in the field of social justice, "U.C. Demonstrations," NET award for creative programming and community service, 1966, "Hunters Point: Aftermath")
- FOLK GUITAR, FOLK GUITAR PLUS, GUITAR GUITAR (1965-71); folk guitar lessons with Laura Weber
- TURNED-ON CRISIS TOWN MEETING (1971); simultaneously televised broadcasts of town meeting in Oakland, San Francisco, and San Mateo
- CALIFORNIA WATER PLAN AND PERIPHERAL CANAL (1971); two one-hour programs on the controversial water plan
- WHAT PRICE ADDICTION (1971); half-hour program on former heroin addicts now on methadone maintenance program in San Francisco
- ASCENT (1970); film on rock climbing in Yosemite (Reader's Digest Foundation Award and Cine Award)
- TEACH-IN AT CUBBERLY HIGH (1970); half-hour film on a three-day high school teach-in on environmental issues
- UNESCO ENVIRONMENTAL CONFERENCE (1970); internationally televised conference on the environment, held in San Francisco
- WHITE HOUSE CONFERENCE ON NUTRITION (1970); local town meeting program on public school education
- QUALITY-EQUALITY EDUCATION (1969); in conference of San Francisco
- TWO PARTY LINE (1967); weekly program featuring representatives from the Republican and Democratic parties
- SCOTCH GARDENER (1967); weekly program on gardening

Academic background

- B.A., University of Michigan; elementary education teacher's certificate--minors in speech, english, history, and social science, followed by five years of classroom experience

Publications

- Folk guitar instruction manuals

Board memberships (present or former):

- Junior League of San Francisco
- San Francisco Conservatory of Music
- Town School for Boys (San Francisco)
- Marin County Jay School
- San Francisco Spring Opera Company

Also produced and managed the San Francisco Museum Chamber Music Summer Concert Series for many years.

February 1972

JOHN DAVID MILLETT

born Indianapolis, March 14, 1912

married Catherine Lessinger; three sons, all married; one medical doctor, two others Ph. D., college professors

A. B. DePauw 1933

A. M. Columbia 1935

Ph. D. Columbia 1938

Honorary Degrees (LL.D. L. H. D., Litt.D.) from Fenn College, Xavier University, Ohio State, Denison, Ohio Wesleyan, Miami, Central Michigan, Findlay College, Akron, Kent State, Toledo, Dayton, Youngstown, Waynesburg, Mt. Union, etc.

Professor of Public Administration, Columbia 1948-53

President Miami University 1953-64

Chancellor, Ohio Board of Regents, 1964-72

Vice President and Director, Management Div., Academy for Educational Development, Inc
1424 16th Street N. W.
Washington, D. C. 20036

Phone: 265-5576

Social Sciences Research Council New York City 1939-41

Natural Resources Planning Board 1941-42

Assistant to Director, Hoover Commission

Executive Director Commission on Financing Higher Education 1949-52

Chairman and Trustee, Education Testing Service 1966-70

Col. U. S. Army (1942-46) and May-October 1947 assigned to Germany, Hq. EUCOM
Awarded Legion of Merit

American Legion

Methodist

Member: Cosmos Club, Century,

Author: The Process and Organization of Government Planning

Financing Higher Education in the United States

Management in the Public Service

etc. etc.

Member, director, trustee of dozens of national and professional societies.

Rogers

Box 2, Folder 12

CFB

JUL 27 1973

MEMORANDUM FOR

Wilfred H. Rommel
Assistant Director for Legislative Reference
Office of Management and Budget

I have your July 25, 1973, request for the views of this Office on S. 1090, an enrolled bill "To amend the Communications Act of 1934, to extend certain authorizations for the Corporation for Public Broadcasting and for certain construction grants for noncommercial educational television and radio broadcasting facilities, and for other purposes." This enactment has been reviewed.

S. 1090 essentially provides for a two-year authorization for appropriations for public broadcasting: \$50 million in fiscal 74 and \$60 million in fiscal 75, plus \$5 million annually in matching funds for the Corporation, and a total of \$55 million for educational broadcasting facilities in these fiscal years for the Department of Health, Education, and Welfare's Educational Broadcast Facilities Program. In addition, S. 1090 adds a new requirement that educational broadcast licensees record broadcasts in which an issue of public importance is discussed, and maintain such records, available to the Federal Communications Commission and the public, for a period of sixty days.

The Administration had requested only a one-year authorization for appropriations to public broadcasting: \$40 million for fiscal 74, plus \$5 million in matching funds for the Corporation, and \$13 million for HEW's facilities program for that year.

This request reflected serious concerns regarding the many unresolved issues then facing federally-funded public broadcasting, issues including the role of local stations, the proper apportionment of funds among the Corporation and local licensees, a trend towards undue centralized control, and use of federal funds to sponsor highly controversial public affairs programming.

Steps recently have been taken, however, that answer some of these questions, and we believe further resolution of the issues remaining can be accomplished within the framework of this legislation.

Accordingly, I recommend that the President approve S. 1090.

Signed

Clay T. Whitehead

cc:
DO Records
DO Chron
✓ MF. Whitehead
Eva
GC Subject
GC Chron
KRobinson/kak/7-26-73'

Judy

THE WHITE HOUSE
WITH JERRY WARREN

CR
W. J. ...

11:36 A.M. EDT

AUGUST 7, 1973

TUESDAY

I would like to draw your attention -- and some of you may have missed this yesterday evening -- before the lid for the day was put on, we posted the fact that the President had signed the Senate Bill 1090, the Public Broadcasting authorization for fiscal 1974.

We have additional copies of the posting of that bill that we can make available to you after the briefing, those of you who did not get it yesterday.

I would like to make a few other points with regard to the bill. The President's signing of this bill reflects his view that public broadcasting has much to offer the American people in the presentation of educational and cultural programs of quality and distinction.

The benefits of public broadcast are best achieved, we believe, when every element of the system is committed to the principle of localism embodied in the Public Broadcasting Act of 1967. Under this principle, the individual educational radio and television stations are oriented to the service of the local listeners and viewers.

The bill that the President signed yesterday, Senate Bill 1090, we believe, will further the goal of this principle, achieving this principle of localism and represents the Administration's continued support. At the same time, there remained significant questions as yet to be resolved, including the proper relationship of local educational radio and television to the Corporation for Public Broadcasting and other national public broadcast entities. These also include the proper allocation of funds among the national entities and the local stations, and the role of public broadcast in the Nation's life.

MORE

#1789

As these questions are being resolved, both the Congress and the Executive Branch can provide the necessary budgetary oversight and review of the system under the bill that was signed yesterday, which is an authorization bill and which extends the Corporation's authorization for two years.

I just wanted to draw that to your attention this morning. Those are all the announcements we have.


Q Jerry, how does the funding level compare to previous years?

MR. WARREN: We requested for fiscal 1974 \$58 million. The total authorization in this bill is \$80 million for fiscal '74 and \$90 million for fiscal '75. The request that we submitted, Tom just pointed out to me, is at the same level of the authorization for CPB for fiscal '73, but included a \$10 million increase over the actual funding for '73, when the Corporation, as you recall, was operating under a continuing resolution.

So, before, Bob, our request was for some \$45 to \$48 million, and we requested \$58 million this year.

Q You only asked for one year?

MR. WARREN: We asked for one year. The bill is a two-year authorization, that is correct.



JAMES R. KILLIAN, JR.

77 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02139

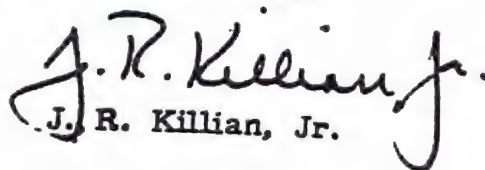
September 20, 1973

Dr. Clay T. Whitehead, Director
Office of Telecommunications Policy
Executive Office of the President
Washington, D. C. 20504

Dear Tom:

For your information and at the request
of the CPB Board, I have sent the attached letter to
the President.

Yours cordially,


J. R. Killian, Jr.

JRK:ep
attachment

CORPORATION FOR PUBLIC BROADCASTING

838 SIXTEENTH STREET, N.W., WASHINGTON, D. C. 20006 ☐ TELEPHONE: (202) 293-6160

September 20, 1973

The President
The White House
Washington, D. C.


Dear Mr. President:

The Board of Directors of the Corporation for Public Broadcasting at its last meeting requested me respectfully to urge that the two vacancies on the Board be filled at the earliest practical time. The Board has a heavy budget of work, and a full complement of members is needed to discharge its responsibilities and to make appointments to the several committees. We are, of course, quite aware of the many matters and burdens that must command your attention, and only the great need of the Board for a complement of members leads us to express the hope that appointments can be made.

Not only are there presently two vacancies, but early next year the terms of five members of the Board will run out. The Public Broadcasting Act stipulates that the Board consist of "citizens of the United States who are eminent in such fields as education, cultural and civic affairs, or the arts, including radio and television; [and] 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." The Public Broadcasting Service, to which the Corporation has delegated some of its responsibilities, has a governing body made up of very distinguished citizens around the country, and it is important that our own Board be equally distinguished.

I also wish to take this occasion to express the deep appreciation of the Board for your action in approving the Authorization Bill passed by the Congress.

Yours respectfully,


J. R. Killian, Jr.
Chairman

JRK:ep



hes.

10/3/73

To: Ken Cole

From: Tom Whitehead

Since Hank Paulson is out of town, thought you should see this. I have talked the Wallis recommendation over with Bill Baroody.

If you have any questions, please give me a call.

OFFICE OF TELECOMMUNICATIONS POLICY


EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON, D.C. 20504

October 3, 1973

DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Clay T. Whitehead 
SUBJECT: Public Broadcasting

The purpose of this memorandum is to summarize developments in public broadcasting and to urge prompt action to fill the two vacancies on the Board of the Corporation for Public Broadcasting (CPB).

Public Affairs Shows

The Ford Foundation, subject to their Board's approval, will soon announce a phase-out of public TV funding over the next 3-5 years. Because of McGeorge Bundy and Fred Friendly, Ford has been the largest force behind public affairs shows on public TV. This step, together with a reduction in CPB's funding of public affairs shows, is a hopeful sign of progress. However, CPB staff and officials of the public TV network (PBS) and many officials in the local stations still want a strong complement of public affairs programming and the press corps is highly supportive. We have gone about as far as we can go in getting such programs reduced with our old strategy. The emphasis now should, I believe, shift to getting a solid majority on the CPB Board and taking a positive approach to longer range funding for CPB as discussed below.

Suit

The ACLU has sued Pat Buchanan and me, along with CPB, alleging illegal government interference in CPB operations and seeking injunctive relief. We do not expect much to come of this, but we are keeping contacts with CPB to a minimum.

CPB Board

After five years of Administration efforts, public broadcasting is being substantially redirected, but the CPB Board is still evenly divided on key issues. Our supporters on the Board (Jack Wrather, Al Cole, Neal Freeman, Irving Kristol, and Tom Moore) have asked me to advise you of this and to urge prompt action in naming outstanding people to the two Board vacancies, paying particular attention to a potential Chairman. Unless we do make strong appointments now (and in March when the terms of the last LBJ appointees expire), we are likely to lose such active support as we now have on the Board. We simply cannot solidify the changes we have been seeking without a strong Chairman and a strong Board majority committed to our principles.

Jim Killian of MIT has been reelected Chairman of CPB, but because of ill health is unlikely to serve beyond March 1974. I am advised by our Board supporters that the CPB Board is not eager to pick a replacement for Killian from the existing Board; and because of the bad experience with Tom Curtis, they are not prepared to elect a new member as Chairman until they have worked with him at several Board meetings. The sensitivity to Administration involvement in CPB affairs makes it extremely important to fill one of the two Board vacancies with someone strong who can be elected Chairman when Killian steps down.

I recommend Dr. Allen Wallis, President of the University of Rochester, and Virginia Duncan, a film maker and former public TV producer, for the two Board vacancies. Dr. Wallis is an Independent politically, but is a conservative thinker and a supporter of this Administration. He agrees completely with our goals for public broadcasting and early next year will give up many of his operating responsibilities, enabling him to devote the necessary time to the CPB Chairmanship. Mrs. Duncan is a Democrat from San Francisco who knows public TV from the inside and agrees completely with our goals; we need this type of knowledgeable support on the Board. Cap Weinberger agrees that Wallis would be an outstanding Chairman, and Henry Loomis feels he could be elected. Both Cap and I have great respect for Mrs. Duncan, and we both feel a commitment to her to put her on the Board at this time. We should move as soon as possible on these appointments, and I have so urged Jerry Jones.

Funding

Although you signed a two-year authorization for CPB providing \$55 and \$65 million for FY74 and 75, CPB's in the Labor-HEW appropriation and continues at \$35 million annually. To summarize the recent developments, we have reversed much of the centralization we based last year's veto upon, Ford is phasing out, and public affairs programming is on the downswing. We have, therefore, few grounds for opposing longer range funding. Long-range funding is supported not only in the Congress, but by our friends on the Board who feel they have "done a job" for us and want tangible evidence of support from the Administration. John Pastore is greatly upset by our attacks on CPB, and it has seriously deteriorated our relations with him on all communications issues. Our support of longer range funding would help this situation immensely.

With your approval, I plan, therefore, to develop a long-range funding plan for your consideration as part of the Administrative program for next year, stressing decentralization (to minimize the network character of the system), matching of non-Federal funds (to keep the Federal share down), and periodic review by Congress (to keep the use of the Federal funds under scrutiny).

Approve _____

Other _____

THE WHITE HOUSE
WASHINGTON

Date 10/23/73

FOR: HANK GOLDBERG

FROM: Hank Paulson

For your information

Per our conversation

Comment:

THE WHITE HOUSE

WASHINGTON

October 22, 1973

MEMORANDUM FOR: MR. HANK PAULSON

FROM: WILLIAM E. TIMMONS *WT*

SUBJECT: Public Broadcasting

Reference your October 12 memorandum on subject. Several points are worth noting:

1. CPB funding is in the current HEW-Labor Appropriations bill. However, this measure is heading for a veto as a budget buster.
2. Senator Hugh Scott had a friend appointed to the Board of CPB that apparently would be replaced by one of the candidates in the memorandum. Scott has talked to many of us, including Peter Flanigan, about reappointment for his pal. To do otherwise would cause difficulties with any legislation or appropriations.
3. I frankly doubt there is much support in Congress for long range financing of CPB since the trend is for annual review, if not appropriations. As a controversial agency, CPB will certainly remain under the Congressional microscope. However, this is probably worth a try.

THE WHITE HOUSE
WASHINGTON

Date 10/15/73

FOR: HANK GOLDBERG

FROM: Hank Paulson

For your information

Per our conversation

Comment:

THE WHITE HOUSE

WASHINGTON

October 14, 1973

MEMORANDUM TO: HANK PAULSON

FROM: PAT BUCHANAN

My view is that we should not quit; we should hold their feet to the fire; the President has the power to veto, and we should not hesitate to employ it on public broadcasting if that institution continues to provide cozy sinecures for our less competent journalistic adversaries. If they are going to have public broadcasting, and they are going to overload it against us, why should we approve of any public funding at all. In that event, I would bite the bullet, and keep them at the present level of funding ad infinitum. As for the Ford Foundation decision to get out, I will believe that when I see it. As for the long-range planning, I don't think we have yet gotten the kind of reforms needed. My personal view at this point is that we would be as well off with not having the taxpayers to contribute a single cent to public television -- unless there is a clear, marked disposition to provide balance on commentary, and localism in programming.

Wallis seems an excellent choice.

Buchanan

THE WHITE HOUSE
WASHINGTON

Date 11/13/73

FOR: HANK GOLDBERG

FROM: Hank Paulson

For your information

Per our conversation

Comment:

THE WHITE HOUSE

WASHINGTON

October 15, 1973

MEMORANDUM FOR: HANK PAULSON

FROM: RONALD.L. ZIEGLER

SUBJECT: Public Broadcasting
(Whitehead Memo of October 3, 1973)

I concur with Whitehead's recommendation about filling the vacancies on the CPB Board. We should move immediately to appoint Wallis, with the understanding he be elected Chairman. Virginia Duncan is an unknown, but I have no reason to object to her appointment. By copy of this memorandum, I am alerting Jerry Jones of the importance I attach to filling these vacancies expeditiously.

Nothing should hold Whitehead back from developing a long-range funding plan for Public Broadcasting. I understand, from Henry Loomis, that the CPB has proposed to us, and to the Congress, a fairly detailed long-range plan, calling for matching funds and providing for a periodic review by the Congress of the Corporation's work. Whitehead should submit a long-term funding proposal, as an alternative to continued short-term funding, with a full discussion of the pros and cons of each.

Whitehead's memorandum could be interpreted as a request for a Presidential sign off on the long-term funding approach. This must not be the case. Assuming the President's agreement, Whitehead should be put on notice that the President's agreement only relates to the formulation of long-term funding alternatives, and does not mean final agreement on the President's part to the long-term funding concept.

RZ

cc: Jerry Jones

Rogers

Box 2, Folder 13

Nixon's communications adviser plans to leave Washington

By the Associated Press

Washington
President Nixon's top communications adviser says it is oversimplifying things to call the Nixon administration "anti-network."

Dr. Clay T. Whitehead says CBS, NBC, and ABC "reflect a very narrow line of life" and are "a homogenizing force rather than a mirror that reflects the whole range of the public's interest.

"But to say that we're anti-network is, I think, much too simplistic. We recognize that they are three huge companies that dominate what we see and hear in this country, and that they can't necessarily be allowed to have just monopoly control...."

Dr. Whitehead is head of the White House Office of Telecommunications Policy (OTP). Now, after three years of controversy, the native of Fredonia, Kan., is planning to leave the battles and power of the OTP and the administration.

Interviewed at his spacious office a block from the White House, Dr. Whitehead said, with a light smile, he will leave "in the next few months, just as soon as I can gracefully extricate myself."

He is not leaving because of Watergate or disillusionment with government, he says, but simply because "I've been in government over five years, and I came to Washington with the idea of spending two."

THE WHITE HOUSE

WASHINGTON

April 30, 1974

MEMORANDUM FOR: THE PRESIDENT

FROM: KEN COLE

SUBJECT: Public Broadcasting Financing Bill

Attached at Tab A is Clay Whitehead's memo to you advocating five-year Federal financing for the Corporation for Public Broadcasting.

The Whitehead proposal, which represents a consensus of the industry but not of Congress, is essentially a five-year Federal match of 40% of the non-Federally raised money with ceilings of \$70 million in FY 76, gradually increasing to \$100 million in FY 80. Coupled with the long-term financing is the requirement that almost half of the Federal match be distributed by the Corporation to local education broadcasting stations. This requirement of local station support would guarantee diversity and preclude dominance of any one point of view over the public broadcast system.

Whitehead represents that five-year financing, which "insulates" public broadcasting from political considerations, is the quid pro quo for mandating local station control of programming. Whitehead feels anything short of five-year financing will threaten the consensus and foreclose our opportunity to guarantee local control.

and to see to ensure that the right financing opportunities are available

The essence of the Whitehead proposal is that, since we cannot defeat public broadcasting entirely, we should seek to guarantee such diversity (through local control) that any future liberal Administration would be equally unable to dominate it. Locally controlled public broadcasting would also provide an alternative to nationwide network dominance of a point of view.

Options:

- A. The Whitehead proposal (as discussed at Tab A).
- B. The OMB proposal. OMB opposes "back door" financing. OMB feels the case for long-range financing can be met through a five-year authorization and single year advance appropriations. The

provisions for matching formula and mandated distribution to locals would be retained. This would still subject public broadcasting to the annual budgetary process (as discussed at Tab B).

- C. Two-year authorization: A simple two-year extension would duplicate the compromise reached in July, 1973. Whitehead feels this would be the worst possibility since it would perpetuate public broadcasting through your Administration, but leave it centralized for possible liberal domination in another administration.
- D. End public broadcasting. The Corporation for Public Broadcasting is an organization incorporated under the laws of the District of Columbia. Its own authorization will never expire, but it is at least theoretically possible that Federal funding of the Corporation could be ended or phased out. It is extremely unlikely that this option could be successful since support for Federal money in public broadcasting is popular in the Congress.


OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504
April 2, 1974

DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: CLAY T. WHITEHEAD

SUBJECT: Public Broadcast Financing Bill.



In June 1972, you vetoed a two-year, \$150 million public broadcast funding bill. My memorandum of June 11, 1973, spelled out, and you approved, a new Administration approach, premised on the changes of direction in public broadcasting since your veto. Accordingly, in July 1973, you signed a two-year authorization bill for the Corporation for Public Broadcasting (your FY 75 budget sets \$60 million for CPB), and had me seek a consensus on long-range funding. The object was to gain support for a restructuring of public broadcasting to decentralize funding and programming decisions by emphasizing the role of local stations. We have achieved such a consensus and have a bill awaiting OMB clearance, which provides for:

1. long-range funding over a five-year period, without annual appropriations but with annual oversight;
2. a 40 percent matching formula, including ceilings of \$70 million in FY 76 gradually increasing to \$100 million in FY 80, to keep the Federal share from becoming too large;
3. a mandatory pass-through to the local stations of a substantial portion of the Federal match (at least 50 percent by FY 80), to decentralize program control and minimize the network character of the system; and
4. removal of restrictions on using Federal public broadcast funds in cable systems.

The bill would not preclude use of Federal funds for news and public affairs programs. While I share your view that such funds should not be used for this purpose, it would not pass if we attempted to deal with the problem legislatively. The solution is best left to the Board of CPB.

Discussion

The bill offers the most likely way to reduce the danger of centralized control of public broadcasting by either foundation or governmental entities. It is only because of the long-range funding commitment that public broadcasters now support the restructuring of the system. A two or three-year bill would provide only increased funding without the reforms. This would carry the issue of public broadcasting structure and funding through to a new Administration - one that may not be as sympathetic to the role of local stations as we are. Additionally, the bill would:

1. remove an irritant in the Administration's relationship with the Chairmen of the Senate and House Communications Subcommittees. Senator Pastore in particular wants the bill, and, if it is not submitted, could drag his feet on our upcoming cable legislation and confirmation of our nominees to CPB. On the Republican side, Howard Baker has not expressed much interest; Bud Brown supports the bill, but has some specific points that we will clarify;
2. keep the appropriations at reasonable limits, since it is a consensus bill that the Congress would not want to upset; and
3. facilitate confirmation of our eight nominees for the 15-member CPB Board of Directors in a depoliticized atmosphere.

Recommendation

The bill should be submitted as being in accord with the Administration's legislative program. We shall make clear that the multi-year appropriations and the mandatory pass-through of funds to the local stations are essential to our financing approach. By submitting the bill, we have met our obligation, and, if the Congress does not support this bill, we are free to oppose any other approach to long-range funding.

Action

Proceed as recommended _____ Other _____

TAB B

Although recognizing the desire to propose an alternative means of providing Federal funds to the Corporation for Public Broadcasting, OMB has two major objections to the OTP proposal:

- (1) "Back door financing" -- OMB has consistently opposed "back door financing." Such funding is detrimental to control of the budget. It reduces Presidential and Congressional ability to review requests in the context of total availability of resources and determination of their priority.

Moreover, the creation of a new permanent appropriation is not compatible with the spirit or provisions of the Budget Reform Bill now before Congress. That bill requires annual appropriations action on all accounts except self-financing trust funds, general revenue sharing, and a few other specific programs.

- (2) Bad budgetary precedent -- The OTP bill would bypass the annual budget and appropriations process for public broadcasting which does not seem more warranted in this case than in that of other meritorious "sensitive" programs, e.g., the National Foundation on the Arts and Humanities, many education programs, etc.

OMB Proposal

OMB believes that continuation of the current two-year authorization annual appropriations has merit in maximizing Presidential budgetary contact. However, as a means of achieving the desired objectives of enhancing the local station focus of public broadcasting, OMB recommends a compromise proposal which would reduce the uncertainties of the present system.

Its main features would be:

- Provide a five-year authorization for matching up to a specified ceiling. If system revenues are raised to meet the match, the President's budget request would be established as the authorized match-figure (similar to OTP provision).
- Authorize an annual request, but with year-in-advance funding. This would insure that the public broadcasting funding would remain part of the annual budget process, by allowing appropriations committee review; however, the combination with advance funding will fully take into account the long lead-time production cycle of public television.
- Retain OTP proposed features of mandated pass-through of funds to local stations.

OMB believes that this compromise would meet some of the budgetary problems of the OTP proposal while still offering significant gains to public broadcasting.

June 7, 1974

MEMORANDUM FOR

General Al Haig
The White House

I have been informed that the President has disapproved the long-range funding proposal for the Corporation for Public Broadcasting, which I forwarded on April 2, 1974, and wants to end public broadcasting or submit a very limited budget proposal. I strongly disagree. I cannot support such an action, and request an appeal to the President.

Our funding strategy, which is intended to gain substantial involvement by the local stations in the structure of public broadcasting and to assure their direct access to Federal funds, was approved by the President. His budget requests for CPB have increased each year, as have public and corporate contributions to CPB and the local stations. Rightly or wrongly, the commitment to Federal funding of public broadcasting has been made. For the President to attempt to back away from that commitment now is unwise, unworkable, and quixotic. An attempt to do so would isolate the President from public and Congressional opinion, and thus would deprive him of any effective participation in the constructive shaping of public broadcasting policy.

Moreover, the nomination of Mrs. Nancy Chotiner to the Board of CPB, is most inappropriate. While I do not know Mrs. Chotiner personally, and have no adverse information about her, she appears to have no particular qualifications for the Board, and her appointment would be widely perceived as a purely political action. At this pivotal time in the course of public broadcasting's development, this nomination, together with the reversal of direction on funding, would throw public broadcasting back into the political arena -- exactly contrary to our efforts over the last five years.

I was told by your office that I would have an opportunity to discuss these issues with you before they went to the President. I continue to be disturbed that our arrangements for communication policy decision-making are inadequate. In view of these strong considerations, I would like to meet with you (and perhaps Cole and Burch) as soon as possible for a full discussion.

Clay T. Whitehead

Nixon Said to Reject Public TV Funding

By LES BROWN

A long-promised bill from the White House Office of Telecommunications Policy for the long-range financing of public television has been "flatly rejected" by President Nixon, without discussion or explanation, according to sources close to the Corporation for Public Broadcasting.

The sources, who learned of the decision late last week, said that the President turned down the bill with a terse statement, which suggested instead that Federal support for public television be scaled down.

The proposed legislation was sent to the President late in April by Clay T. Whitehead, as his final act before giving up his post as director of the

Office of Telecommunications Policy.

Mr. Whitehead has been described as chagrined at the President's rejection of the bill. However, when contacted, Mr. Whitehead would not comment on the report of the President's action, but said that he was "still pushing" to get a bill out for long-range funding of public broadcasting.

Meanwhile, it has been learned from the same corporation sources that President Nixon has nominated Nancy Chotiner, widow of Murray M. Chotiner, his long-time close friend and political adviser, for a seat on the board of directors of the Corporation for Public Broadcasting.

The nomination has aroused the resentment of several board members because Mrs. Chotiner

has had limited experience in the business or professional world and has no apparent qualifications for the post, the sources said. Board members receive no salary, but receive a per diem of around \$100 about 12 times a year.

The funding bill, which was prepared under the supervision of Mr. Whitehead, had been presumed certain to receive Presidential approval since the public television industry has reorganized itself over the last three years along the lines recommended by the White House.

In a speech in Miami on October 20, 1971, to the National Association of Educational Broadcasters, Mr. Whitehead told the managers of public stations that there would be no

Continued on Page 55, Column 3

Nixon Is Said to Reject New Bill Funding Long-Range Public TV

Continued From Page 1, Col. 4

long-range financing bill for an industry that conceived of itself as a "fourth network" emanating from a central source in New York or Washington. He said that the White House did not believe Federal funds should support the production of controversial news and public affairs programs.

Deal Was Understood

"Get your house in order" if you want Federal financing, Mr. Whitehead said in 1971.

Practically everyone in public broadcasting had understood that Mr. Whitehead was proposing a deal: That if the industry decentralized and balanced its political spectrum, the White House would recommend legislation for the kind of funding that would enable the non-commercial television industry to plan beyond a year at a time.

Following Mr. Whitehead's speech, commentators identified with the Liberal point of view

Sympathy in Congress

Lobbyists for public broadcasting in Washington had little doubt that a White House sponsored bill or the insulated five-year funding of noncommercial broadcasting could easily have been rushed through Congress this year, since the key figures in both houses appeared to be in sympathy with such a bill.

Unless the President reverses his stand, similar legislation will have to be introduced by members of Congress. In that event, the timing would make passage difficult this year although the present two-year appropriations bill runs out next June, the sourcer said.

One of the corporation sources said he believed the President had rejected the long-range funding bill because "he has never liked public television and probably never will."

—such as Sander Vanocur and Robert MacNeil—left public broadcasting. At least one representative of the conservative side, William F. Buckley Jr., became one of the mainstays of the system.

In the meantime, the Public Broadcasting Service yielded its network functions to the station program co-operative, which has attempted to decentralize the system by allowing the various stations across the country to determine, by ballot, what shall be the national programming.

Work of Mr. Whitehead

Mr. Whitehead's office began working on the bill to fulfill its ends of the bargain, after the public broadcasting industry demonstrated its compliance with the wishes of the White House.

The proposed bill, which won the corporation's approval before it was submitted to the White House, provided five years of funding, which began at \$70-million for 1976 and graduated to \$100-million by the end of 1980. All were to have been matching grants, with the public broadcasting industry having to raise \$2.50 for every \$1 it received from the Government.

A second feature of the bill, no less important than the sums involved, was that it specified the authorization of the funds as well as their appropriation.

Short of repealing the law, neither Congress nor the President could reduce the amount indicated for each year. This had been intended to insulate the funding from the Federal Government, that is, to free the broadcasting system from the fear that its future funds might be cut off in act of reprisal to its programming.



Funding Public TV

President Nixon's reported rejection of long-range financing for public television is somewhat surprising. In the past the administration was outspokenly critical about the ideological imbalance reflected in many of public TV's news and public affairs programs, and the fact that so much of the programming reflected Eastern seaboard orientation. But the widespread assumption was that if these shortcomings were redressed, the administration would help alleviate the industry's annual anxiety about financing.

As sometime critics of public TV's public affairs programming, we should perhaps record our own impression that recently it has exhibited a very real concern about balance and fairness, a commitment that has lessened some of the original public hostility while improving the product. Public TV's handling of the Ervin Committee hearings, for example, was excellent. Merely allowing the hearings to speak for themselves, except to provide summaries and essential background information, gave a clearer picture of the unfolding Watergate drama than commercial TV's habit of allowing reporters and commentators to intrude upon and sometimes overshadow the hearings.

To take one further example, "The 51st State," a news and public

affairs program telecast throughout Greater New York City, has evolved from a nightly serenade of often tedious liberalism to a more carefully balanced effort to analyze public issues as though no one ideology had a monopoly on truth and decency.

Public television has also been the source of such creative and innovative shows as "Sesame Street" and "Electric Company." Yet children's programming will also be in jeopardy if federal financing is withdrawn. The White House's own Office of Telecommunications Policy is said to be urging Mr. Nixon to change his mind and support a long range funding bill. Earlier the telecommunications office proposed a five-year matching grant formula that would assure \$100 million by 1980, with the public broadcasting industry required to raise \$2.50 for every \$1 it received from the federal government. The industry would have preferred the money outright, of course, but the matching grant approach is hardly unreasonable since it would provide some measure of viewer loyalty that would otherwise be missing if the government simply picked up the total tab.

What does seem unreasonable is for the administration to abandon public television entirely, especially in view of its recent efforts to rectify its most glaring shortcomings.

Mr. Nixon's Turnabout on Public TV

TWEN MONTHS AGO, it looked as if President Nixon might finally stop picking on public broadcasting. His sharp criticisms of programs and policies had died down and he had reversed past form by signing a bill authorizing federal funds for public broadcasting over a two-year period. The action, coming as it did after a protracted war over control of public programming, gave broadcasters new hope that they might be able to turn away from political struggles and concentrate on providing quality fare for the viewers.

The understanding at that time was that the reorganization of the public broadcasting industry—a compromise reached in the wake of White House pressures over the years—would produce administration support for longer-range financing. Clay T. Whitehead, who was director of the President's Office of Telecommunications Policy, put his staff to work on legislation that would carry out the White House's end of the bargain; a bill was drafted to provide five years of federal financing under a matching grant system. Moreover, the measure would specify both the authorization and appropriation of the funds—thus insulating public broadcasting from government reprisals in the event programs displeased either Congress or the White House. The proposed bill won approval of the Corporation for Public Broadcasting and

Mr. Whitehead duly forwarded it to President Nixon in late April. Meanwhile, congressional leaders in both houses of Congress indicated that such a measure, if supported by the administration, would stand a good chance of enactment this year.

But now comes word that President Nixon doesn't want the bill sent to Congress. Mr. Whitehead says he'll continue to push for presidential approval of the measure, and he should—for it would enable public broadcasting to do the long-range planning that high-quality, stimulating programming requires. The tax-paying public—the listeners and viewers—ought not be denied certain "controversial" programs merely because the government doesn't like them, or because President Nixon doesn't happen to enjoy what he sees on the public channel.

Fortunately, the present two-year authorization for public broadcasting has another year to run, which means that Congress could move on its own in 1975, even with the threat of a veto. But the President's support for this important measure now would not only enhance the chances of its enactment this year, but would greatly relieve the political pressures under which noncommercial broadcasters have had to operate throughout his presidency.

CORPORATION FOR
PUBLIC BROADCASTING

888 SIXTEENTH STREET, N.W., WASHINGTON, D. C. 20006

HENRY LOOMIS
President

June 24, 1974

Mr. Clay T. Whitehead
Office of Telecommunications Policy
1800 G Street, N. W.
Washington, D. C.

Dear Tom:

Enclosed is a copy of my memorandum to Ray Price
on the subject of the long-range financing bill.

Sincerely,



Henry Loomis

CORPORATION FOR PUBLIC BROADCASTING

333 SIXTEENTH STREET, N.W., WASHINGTON, D. C. 20006 ☐ TELEPHONE: (202) 293-6160

HENRY LOOMIS
President

June 21, 1974

MEMORANDUM FOR: Mr. Ray Price
The White House

SUBJECT: Insulated Funding for Public Broadcasting

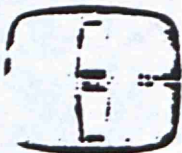
As you requested, I have prepared this memo as a followup from lunch yesterday.

The problem has always been how to make needed federal money available to public broadcasting without exercising undue control, control that would be contrary to the spirit of the First Amendment.

There are two major areas vulnerable to undue influence: one is the decision-making process which results in producing some programs but not others and, secondly, the amount of money provided to the system and the conditions associated with the money.

Since its inception, the Corporation has largely determined the expenditure of those federal funds used for the support of national TV programs. It is true that we sought, received and listened to the advice of both individual stations and the Public Broadcasting Service, but in the final analysis the decisions were those of the Corporation and, therefore, subject to the personal views and judgments of a relatively small centralized group.

We have now successfully instituted a basic change. Approximately half of the federal money goes directly to the television and radio licensees -- in what is the equivalent of revenue sharing -- and they must purchase any national programs they desire from a catalogue of program offerings. In this way, no central group controls the program decisions. The Corporation's function then becomes one of piloting, developing and experimenting with new programs. The Corporation will fund no program longer than two years. After that, the program must fly or fall on its



own in the station cooperative market place.

This change has significantly affected the decision making process but does not solve the problem of how to put insulated funding into the system. We are still operating on the normal annual authorization and appropriation cycle. The level and availability of federal support is therefore vulnerable to influence by special interests in either the Executive and Legislative branches. For example, a floor amendment to our FY74 appropriation which would have required twenty percent of the federal support for CPB to be spent for "Black programs" was defeated by only one vote in the House. Clearly, many individuals in both branches of the Government have strong views on individual programs. If these views can be used either as a threat or an inducement, public broadcasting is indeed vulnerable.

Another problem is how to determine what is the appropriate level of federal funding. It is virtually impossible to prove effectiveness in concrete terms. Is public broadcasting a luxury or a necessity? Should it be supported at the one, ten, or hundred million dollar level?

This spring, Tom Whitehead and OTP drafted a proposed insulated funding bill that addresses both the problem of insulation and amount of federal money. The Corporation and both the public television and public radio organizations cooperated in the drafting of the bill and approved it, except for the ceilings.

The basic concept of the draft bill is that federal support should match non-federal money obtained by public broadcasting at a specified ratio. There has been debate on the ratio of the match and on the ceiling. In my opinion, these issues do not in themselves affect the basic, philosophical requirement for insulated funding. The ratio agreed on was one federal dollar for each two-and-a-half non-federal dollars. At present federal support comes to about twenty percent of the total resources in public broadcasting.

If enacted, the draft bill would mean that both the Executive branch and the Legislative branch would agree that the amount of money to be appropriated each year would be determined arithmetically and, therefore, would not be subject to influence by either the Executive or Legislative branches. The draft bill seeks a five-year authorization subject to ceilings beginning at \$70 million and rising to \$100 million. I think the ceilings are low -- perhaps twenty to twenty-five percent low. For example, FY-75, if this formula were in place, would result in a federal

appropriation of about \$77 million as compared to the authorized \$65 million and the \$60 million in the President's Executive budget.

This proposed system also has the advantage of providing a rough measure of effectiveness. If public broadcasting is providing a worthwhile service it will be able to increase its local non-federal support and thus earn additional federal dollars with which to provide still better service. Conversely, if a local station does not earn significant local support less local money will be forthcoming and federal support will decrease.

At the end of the five-year authorization period both the Executive branch and the Congress would reexamine the basic system and see whether it should be continued for another period of time or fundamentally altered. This, of course, is the system that applies in Great Britain where you have periodic Royal Commissions that examine the fundamental organization of broadcasting. I believe that public broadcasting is so sensitive an endeavor that it is uniquely vulnerable to political control in the annual appropriation jungle. It should be reviewed regularly and fundamentally at a stated period, such as five years, but in the intervening period it should be allowed to function free of the threat of punishment or the incentive of reward based upon the reactions of political bodies to individual programs or types of programs it does or does not offer.

It seems to me that this year and next are uniquely propitious moments to establish insulated funding, so that it can be put in place, and hopefully working, prior to the next Administration. There will then be a track record to be reviewed by the next Administration and, if that track record is encouraging, the system will be well on its way to achieving the non-political status that we all desire.

~~CONFIDENTIAL~~

Henry Loomis

Rogers

Box 2, Folder 14

THE WHITE HOUSE

WASHINGTON

July 11, 1974

MEMORANDUM FOR: CLAY WHITEHEAD
FROM: KEN COLE
SUBJECT: Public Broadcasting Financing

Your April 2nd memorandum to the President on public broadcasting financing recommending a five-year advance funding program has been approved.

I have asked Geoff Shepard to work with you and OMB to prepare the legislation for formal transmission.

"Public Broadcasting Financing Act of 1974"

SUMMARY AND SECTIONAL ANALYSIS

This bill has three principal purposes relating to the Corporation for Public Broadcasting and the system of non-commercial educational radio and television stations:

- 1) to provide long-term Federal financing for the Corporation for Public Broadcasting by means of a five-year authorization and appropriation;
- 2) to assure that a reasonable portion of Federal funds is distributed directly to local non-commercial educational broadcast stations; and
- 3) to expand the scope of the Public Broadcasting Act of 1967 to include the development and use of non-broadcast communications technologies for the distribution and dissemination of educational radio and television programming.

SECTION-BY-SECTION ANALYSIS

Section 1. Subsection 396(k) is amended to establish a five-year Federal financing plan for the Corporation for Public Broadcasting and to assure that a reasonable portion

of the funds appropriated to the Corporation is distributed directly to local stations.

Paragraph (3) of Subsection 396(k) would establish a "Public Broadcasting Fund" in the Treasury, to which there would be authorized for appropriation, for fiscal years 1976-1980, amounts equal to 40 percent of the total non-Federal financial support received by public broadcasting entities during each second-preceding fiscal year. A one-year time lag is necessary to accumulate the information for determining the amount on which the 40 percent match would be based. The appropriation for each fiscal year could not, however, exceed the following ceilings: \$70 million in fiscal year 1976; \$80 million in fiscal year 1977; \$90 million in fiscal year 1978; \$95 million in fiscal year 1979; and \$100 million in fiscal year 1980.

Paragraph (4) would appropriate to the Public Broadcasting Fund the amounts authorized by paragraph (3). Amounts appropriated to the Fund would remain available until expended. This paragraph also sets forth the procedure whereby the amounts appropriated each year would be disbursed from the Public Broadcasting Fund to the Corporation, and requires that the funds be used solely for the expenses of the Corporation. The Corporation would be required to determine the amount of

non-Federal financial support received by public broadcasting entities during each second preceding year, and to certify that amount to the Secretary of the Treasury. The Secretary, upon receipt of such certification, would pay from the Fund to the Corporation the amount of the appropriation, i.e., 40 percent of the certified non-Federal income or the statutory ceiling, whichever is less.

Paragraph (5) would require the Corporation to set aside a specified percentage of the appropriated funds for distribution to on-the-air non-commercial educational broadcast stations. The statutory percentage for distribution to stations would be 40 percent at an appropriation level of \$70 million or more but less than \$90 million; 45 percent at an appropriation level of \$90 million or more but less than \$100 million; and 50 percent at an appropriation level of \$100 million. The statutory percentage is expressed as a minimum, so that the Corporation could reserve a greater amount than that specified in the bill.

Paragraph (6) sets forth the method for distributing the funds reserved pursuant to paragraph (5). The Corporation would be required to establish, and review annually, after consultation with the licensees and permittees of on-the-air educational stations, criteria and conditions for the distribution of these funds. In each fiscal year, the Corporation would be required to divide the funds into two

portions, one to be distributed to television stations and one to be distributed to radio stations. Each licensee or permittee of an on-the-air educational television station would receive a basic grant from the portion reserved for television. The amount of this basic grant would be the same for each station, and would be determined annually by the Corporation in consultation with stations. The balance of the amount reserved for television stations would be distributed among licensees and permittees of such stations as are eligible to receive additional grants under criteria established by the Corporation in consultation with stations. These additional grants would be apportioned among eligible stations on the basis of a formula designed to (a) provide for the financial needs of stations in relation to the communities and audiences they undertake to serve and (b) stimulate non-Federal financial support for station activities. The bill does not prescribe a precise formula for the distribution of additional grants, but rather states these two objectives that the formula is to achieve. The details of the formula, as well as the weight assigned to each factor, would be determined by the Corporation in consultation with stations.

A somewhat different distribution mechanism is established for non-commercial educational radio stations. Many

such stations are licensed to educational institutions for purposes of training students in broadcasting and do not render a direct service to the general public. Accordingly, only those stations that are eligible according to public interest criteria established by the Corporation would receive grants from the portion of funds reserved for distribution to radio stations. The bill does provide, however, that each such eligible radio station would receive a basic grant. As with television stations, funds in addition to the basic grant would be distributed to eligible radio stations according to a formula that would stimulate non-Federal income and reflect the needs of stations in relation to the audiences they serve.

The bill assures that licensees and permittees of stations would play a significant role in the decision-making processes relating to distribution of funds to stations. The Corporation would be required to consult with licensees and permittees (including their authorized representatives) in

- (a) apportioning the funds between radio and television,
- (b) determining the amount of the basic grant to stations,
- (c) establishing eligibility criteria for radio stations and for additional grants to television stations, and
- (d) establishing the formula for apportioning additional grants among stations, including the weight to be assigned to the

statutory objectives of stimulating non-Federal income and reflecting the needs of stations in relation to the audiences they serve.

In order to assure that Federal funds do not become a dominant factor in the financing of stations, this paragraph also provides that the funds distributed according to this subsection may not exceed, in any fiscal year, one-half of a licensee's or permittee's total non-Federal financial support during the fiscal year second preceding the fiscal year in which the distribution is made. This limitation would not apply to grants made by the Corporation under developmental programs designed to meet special needs of particular stations.

Paragraph (7) provides that the funds distributed to stations may be used at their discretion for purposes related to the provision of non-commercial educational television and radio programming. Several examples of such purposes are set forth, including: producing, broadcasting or otherwise disseminating educational television or radio programs; procuring national or regional program distribution services that make educational television or radio programs available for broadcast or other dissemination at times chosen by stations; acquiring, replacing, and maintaining facilities, and real property used with facilities, for the

production, broadcast or other dissemination of educational television and radio programs; developing and using non-broadcast communications technologies (such as cable television and communications satellites) for educational television or radio programming purposes.

This list of purposes for which funds may be used by stations is not meant to be exhaustive. For example, although not specifically mentioned, it is intended that these funds could be used for the payment of dues or assessments to organizations which represent the interests of stations. One purpose for listing several typical uses of the funds is to make it clear that stations may undertake the development and use of non-broadcast methods of transmitting programs to the public. In this regard, the term "dissemination" is intended to mean delivery of programs to viewers and listeners by means of non-broadcast technologies.

Section 2. Subsection 396(g)(2)(H) is amended to permit the Corporation to conduct research, demonstrations, or training in the use of non-broadcast communications technologies, as discussed above, for the dissemination of educational television or radio programs.

Section 3. A provision is added to Subsection 396(i) of the Act, which pertains to the annual report of the Corporation.

The new provision states that the officers and directors of the Corporation shall be available to testify annually before appropriate committees of the Congress with respect to the annual report of the Corporation and with respect to the report of any audit made by the Comptroller General pursuant to Subsection 396(1) of the Act. Even with long-term Federal financing, the Corporation remains fully accountable to the public and to the Congress for its use of public funds. In view of the multi-year appropriation provision of the bill, this addition will provide the opportunity for annual Congressional review of the Corporation and its activities.

Section 4. The provision in the bill for appropriations amounting to 40 percent of the non-Federal income of public broadcasting entities and the limitation on the amount of funds that may be distributed to a station, expressed as a percentage of non-Federal income, necessitates the inclusion of two new definitions in the Act.

The term "public broadcasting entity" is defined to mean the Corporation for Public Broadcasting, any licensee or permittee of a non-commercial educational broadcast station, and any nonprofit institution engaged primarily in the production, acquisition, distribution or dissemination of educational television or radio programs.

category include program production organizations, such as the Children's Television Workshop, and organizations providing program distribution services to stations such as the Public Broadcasting Service and National Public Radio.

The term "non-Federal financial support" is defined to mean the total value of cash and fair market value of property and services (except for personal services of volunteers) received as gifts, grants, bequests, donations, or other contributions for the construction or operation of non-commercial educational broadcast stations, or for the production, acquisition, distribution or dissemination of educational television or radio programs and related activities. The definition includes such funds received from any source other than (1) the Federal Government or (2) any public broadcasting entity. The latter exception is intended to eliminate the double counting of funds circulated within the public broadcasting system. Thus, for example, income from a non-Federal source received in the first instance by a national public broadcasting organization and then distributed to stations or other public broadcasting entities would be counted only once.

In addition, the term is defined to include income received for public broadcasting purposes from State and local governments and educational institutions, as well as

contract payments from such entities in exchange for services or materials relating to the provision of educational or instructional television or radio programs. Excluded from the definition are contract payments for such services from sources other than State and local governments and educational institutions, as well as contract payments in exchange for commercial services which might be provided by public broadcasting entities.

Proposed by the Office of Telecommunications
Policy for the 93rd Congress

A BILL

To amend certain provisions of the Communications Act of 1934 to provide long-term financing for the Corporation for Public Broadcasting and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That this Act may be cited as the "Public Broadcasting Financing Act of 1974."

Section 1. Subsection 396(k) of the Communications Act of 1934 is amended by inserting, after paragraph (2), the following paragraphs:

"(3) There is hereby established in the Treasury a fund which shall be known as the 'Public Broadcasting Fund,' administered by the Secretary of the Treasury. There are authorized to be appropriated to said Fund for each of the fiscal years during the period beginning July 1, 1975, and ending June 30, 1980, an amount equal to forty (40) 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; Provided, however, that the amount so appropriated shall not exceed \$70,000,000 for the fiscal year ending June 30, 1976; \$80,000,000 for the fiscal year ending June 30, 1977; \$90,000,000 for the fiscal year ending June 30, 1978; \$95,000,000 for the fiscal year ending June 30, 1979; and \$100,000,000 for the fiscal year ending June 30, 1980.

"(4) There are hereby appropriated to the Public Broadcasting Fund, out of any moneys in the Treasury not otherwise appropriated, for each of the fiscal years during the period beginning July 1, 1975, and ending June 30, 1980, such amounts as are authorized to be appropriated by paragraph (3) of this subsection.

which shall remain available until expended. Such funds shall be used solely for the expenses of the Corporation. The Corporation shall determine the amount of non-Federal financial support received by public broadcasting entities during the fiscal year second preceding each such fiscal year, and shall certify such amount to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall disburse from the public Broadcasting Fund to the Corporation the amount appropriated to the Fund for such fiscal year pursuant to the provisions of this subsection.

(5) The Corporation shall reserve for distribution among the licensees and permittees of non-commercial educational broadcast stations that are on-the-air an amount equal to not less than forty (40) percent of the funds disbursed to the Corporation from the Public Broadcasting Fund in each fiscal year in which the amount disbursed is \$70,000,000 or more but less than \$90,000,000; not less than forty-five (45) percent in each fiscal year in which the amount disbursed is \$90,000,000 or more but less than \$100,000,000; and not less than fifty (50) percent in each fiscal year in which the amount disbursed is \$100,000,000.

(6) The Corporation shall, after consultation with licensees and permittees of non-commercial educational broadcast stations that are on-the-air, establish, and review annually, criteria and conditions regarding the distribution of funds reserved pursuant to paragraph (5) of this subsection, as set forth below:

(A) The total amount of funds shall be divided into two portions, one to be distributed among radio stations, and one to be distributed among television stations. The Corporation shall make a basic grant from the portion reserved for television stations to each licensee and permittee of a noncommercial educational television station that is on-the-air. The balance of the portion reserved for television stations and the total portion reserved for radio stations shall be distributed to licensees and permittees of such stations in accordance with eligibility criteria that promote the public interest in

noncommercial educational broadcasting, and on the basis of a formula designed to:

- (i) provide for the financial needs and requirements of stations in relation to the communities and audiences such stations undertake to serve;
- (ii) maintain existing, and stimulate new, sources of non-Federal financial support for stations by providing incentives for increases in such support; and
- (iii) assure that each eligible licensee and permittee of a non-commercial educational radio station receives a basic grant.

(B) No distribution of funds pursuant to this subsection shall exceed, in any fiscal year, one-half of a licensee's or permittee's total non-Federal financial support during the fiscal year second preceding the fiscal year in which such distribution is made.

"(7) Funds distributed pursuant to this subsection may be used at the discretion of stations for purposes related to the provision of educational television and radio programming, including but not limited to: producing, acquiring, broadcasting or otherwise disseminating educational television or radio programs; procuring national or regional program distribution services that make educational television or radio programs available for broadcast or other dissemination at times chosen by stations; acquiring, replacing, and maintaining facilities, and real property used with facilities, for the production, broadcast or other dissemination of educational television and radio programs; developing and using non-broadcast communications technologies for educational television or radio programming purposes.

Section 2. Subsection 396(g)(2)(H) of the Communications Act of 1934 is amended by deleting the period after the word "broadcasting" and inserting the following:

"and the use of non-broadcast communications technologies for the dissemination of educational television or radio programs."

Section 3. Subsection 396(i) of the Communications Act of 1934 is amended by inserting after the word "appropriate" the following sentence:

"The officers and directors of the Corporation shall be available to testify annually before appropriate Committees of the Congress with respect to such report and with respect to the report of any audit made by the Comptroller General pursuant to subsection 396(i)."

Section 4. Section 397 of the Communications Act of 1934 is amended by inserting, after paragraph (9), the following paragraphs:

"(10) The term 'non-Federal financial support' means the total value of cash and the fair market value of property and services (except for personal services of volunteers) received --

(A) as gifts, grants, bequests, donations, or other contributions for the construction or operation of non-commercial educational broadcast stations, or for the production, acquisition, distribution, or dissemination of educational television or radio programs, and related activities, from any source other than (i) the United States or any agency or establishment thereof, or (ii) any public broadcasting entity; or

(B) as gifts, grants, donations, contributions or payments from any State, any agency or political subdivision of a State, or any educational institution, for the construction or operation of non-commercial educational broadcast stations or for the production, acquisition, distribution, or dissemination of educational television or radio programs, or payments in exchange for services or materials respecting the provision of educational or instructional television or radio programs.

"(11) The term 'public broadcasting entity' means the Corporation, any licensee or permittee of a non-commercial educational broadcast station, or any nonprofit institution engaged primarily in the production, acquisition, distribution or dissemination of educational television and radio programs."

PUBLIC BROADCASTING FINANCING ACT OF 1974
COMPARISON WITH EXISTING LAW

SUBPART B -- CORPORATION FOR PUBLIC BROADCASTING

Section 396. Corporation for Public Broadcasting--Congressional
Declaration of Policy

(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 organized to facilitate the development of educational radio and television broadcasting and to afford maximum protection to such broadcasting from extraneous interference and control.

(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.

(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 shall serve 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.

(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 subsistence, equal to that authorized by law (section 5703 of Title 5) for persons in the Government service employed intermittently.

(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.

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.

(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.

(g) (1) In order to achieve the objectives and to carry out the purposes of this subpart, as set out in subsection (a) of this section, 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 transmission 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

(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 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, and the use of non-broadcast communications technologies for the dissemination of educational television or radio programs.

(3) 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 station, or antenna television system, or interconnection or program production facility.

(h) Nothing in this chapter 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.

(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. The officers and directors of the Corporation shall be available to testify annually before appropriate Committees of the Congress with respect to such report and with respect to the report of any audit made by the Comptroller General pursuant to subsection 396(2).

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

(k)(1) There are authorized to be appropriated for expenses of the Corporation \$50,000,000 for the fiscal year ending June 30, 1974, and \$60,000,000 for the fiscal year ending June 30, 1975.

(2) In addition to the sums authorized to be appropriated by paragraph (1) of this subsection, there are authorized to be appropriated for payment to the Corporation for each fiscal year during the period July 1, 1970, to June 30, 1975, amounts equal to the amount of total grants, donations, bequests, or other contributions (including money and the fair market value of any property) from non-Federal sources received by the Corporation under subsection (j) for each such fiscal year; except that the amount appropriated pursuant to this paragraph for any fiscal year may not exceed \$5,000,000.

(3) There is hereby established in the Treasury a fund which shall be known as the "Public Broadcasting Fund," administered by the Secretary of the Treasury. There are authorized to be appropriated to said Fund for each of the fiscal years during the period beginning July 1, 1975, and ending June 30, 1980, an amount equal to forty (40) 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; Provided, however, that the amount so appropriated shall not exceed \$70,000,000 for the fiscal year ending June 30, 1976; \$80,000,000 for the fiscal year ending June 30, 1977; \$90,000,000 for the fiscal year ending June 30, 1978; \$95,000,000 for the fiscal year ending June 30, 1979; and \$100,000,000 for the fiscal year ending June 30, 1980.

(4) There are hereby appropriated to the Public Broadcasting Fund, out of any moneys in the Treasury not otherwise appropriated, for each of the fiscal years during the period beginning July 1, 1975, and ending June 30, 1980, such amounts as are authorized to be appropriated by paragraph (3) of this subsection, which shall remain available until expended. Such funds shall be used solely for the expenses of the Corporation. The Corporation shall determine the amount of non-Federal financial support received by public broadcasting entities during the fiscal year second preceding each such fiscal year, and shall certify such amount to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall disburse from the Public Broadcasting Fund to the Corporation the amount so certified for each such fiscal year pursuant to the provisions of this subsection.

(5) The Corporation shall reserve for distribution among the licensees and permittees of non-commercial educational broadcast stations that are on-the-air an

amount equal to not less than forty (40) percent of the funds disbursed to the Corporation from the Public Broadcasting Fund in each fiscal year in which the amount disbursed is \$70,000,000 or more but less than \$90,000,000; not less than forty-five (45) percent in each fiscal year in which the amount disbursed is \$90,000,000 or more but less than \$100,000,000; and not less than fifty (50) percent in each fiscal year in which the amount disbursed is \$100,000,000.

(6) The Corporation shall, after consultation with the licensees and permittees of non-commercial educational broadcast stations that are on-the-air, establish, and review annually, criteria and conditions regarding the distribution of funds reserved pursuant to paragraph (5) of this subsection, as set forth below:

(A) The total amount of funds shall be divided into two portions, one to be distributed among radio stations, and one to be distributed among television stations. The Corporation shall make a basic grant from the portion reserved for television stations to each licensee and permittee of a non-commercial educational television station that is on-the-air. The balance of the portion reserved for television stations and the total portion reserved for radio stations shall be distributed to licensees and permittees of such stations in accordance with eligibility criteria that promote the public interest in non-commercial educational broadcasting, and on the basis of a formula designed to:

(1) provide for the financial needs and to the communities and audiences such stations undertake to serve;

- (ii) maintain existing, and stimulate new, sources of non-Federal financial support for stations by providing incentives for increases in such support; and
- (iii) assure that each eligible licensee and permittee of a non-commercial educational radio station receives a basic grant.

(B) No distribution of funds pursuant to this subsection shall exceed, in any fiscal year, one-half of a licensee's or permittee's total non-Federal financial support during the fiscal year second preceding the fiscal year in which such distribution is made.

(7) Funds distributed pursuant to this subsection may be used at the discretion of stations for purposes related to the provision of educational television and radio programming including but not limited to: producing, acquiring, broadcasting or otherwise disseminating educational television or radio programs; procuring national or regional program distribution services that make educational television or radio programs available for broadcast or other dissemination at times chosen by stations; acquiring, replacing, and maintaining facilities, and real property used with facilities, for the production, broadcast or other dissemination of educational television and radio programs; developing and using non-broadcast communication technologies for educational television or radio programming purposes.

(1) (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 (1) 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 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 financial 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 such report shall be furnished to the Secretary, and to the Corporation at the time submitted to the Congress.

(3) (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 costs 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.

~~Section 397. Definitions.~~

For the purposes of sections 390-399 of this title --

(1) The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

(2) The term "construction", as applied to educational television broadcasting facilities, or educational radio broadcasting facilities means the acquisition and installation of transmission apparatus (including cables, microwave equipment, boosters, translators, repeaters, mobile equipment, and video-recording equipment) necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus.

which may incidentally be used for transmitting closed circuit television programs, but does not include the construction or repair of structures to house such apparatus. In the case of apparatus the acquisition and installation of which is so included, such term also includes planning therefor.

(3) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(4) The terms "State educational television agency" and "State educational radio agency" mean, with respect to television broadcasting and radio broadcasting, respectively, (A) a board or commission established by State law for the purpose of promoting such broadcasting within a State, (B) a board or commission appointed by the Governor of a State for such purpose if such appointment is not inconsistent with State law, or (C) a State officer or agency responsible for the supervision of public elementary or secondary education or public higher education within the State which has been designated by the Governor to assume responsibility for the promotion of such broadcasting; and, in the case of the District of Columbia, the term "Governor" means the Board of Commissioners of the District of Columbia and, in the case of the Trust Territory of the Pacific Islands, means the High Commissioner thereof.

(5) The term "nonprofit" as applied to any foundation, corporation, or association, means a foundation, corporation, or association, no part of the net earnings of which inure, or may lawfully inure, to the benefit of any private shareholder or individual.

(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 station which complies with 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.

(10) The term "non-Federal financial support" means the total value of cash and the fair market value of property and services (except for personal services of volunteers) received --

(A) as gifts, grants, bequests, donations, or other contributions for the construction or operation of non-commercial educational broadcast stations, or for the production, acquisition, distribution or dissemination of educational television or radio programs, and related activities, from any source other than (i) the United States or any agency or establishment thereof, or (ii) any public broadcasting entity; or

(B) as gifts, grants, donations, contributions or payments from any State, any agency or political subdivision of a State, or any educational institution for the construction or operation of non-commercial educational broadcast stations, or for the production, acquisition, distribution or dissemination of educational television or radio programs, or payments in exchange for services or materials respecting the provision of educational or instructional television or radio programs.

(11) The term "public broadcasting entity" means the Corporation, any licensee or permittee of a non-commercial educational broadcast station, or any nonprofit institution engaged primarily in the production, acquisition, distribution or dissemination of public television and radio programs.