

The original documents are located in Box 47, folder “6/5/76 HR9630 Educational Broadcasting Facilities and Telecommunications Demonstration Act Extension of 1976” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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76

APPROVED
JUN 5 - 1976

THE WHITE HOUSE
WASHINGTON
June 4, 1976

ACTION
Last Day: June 8

Post 6/5/76

MEMORANDUM FOR
FROM:
SUBJECT:

THE PRESIDENT
JIM CANNON
H.R. 9630 - Educational Broadcasting
Facilities and Telecommunications
Demonstration Act Extension of 1976

*archives
6/7/76*

Attached for your consideration is H.R. 9630, sponsored by Representative MacDonald and seven others. The enrolled bill would authorize appropriations of \$7,500,000 for the transition quarter and \$30,000,000 for FY 77 for the Broadcasting Facilities program administered by the Department of Health, Education and Welfare. In addition, the bill would authorize a new program of telecommunications demonstrations.

A detailed discussion of the provisions of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus), Bill Seidman and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 9630 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUN 2 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 9630 - Educational
Broadcasting Facilities and Telecommunications
Demonstration Act Extension of 1976
Sponsor - Rep. MacDonald (D) Massachusetts and
7 others

Last Day for Action

June 8, 1976 - Tuesday

Purpose

Extends through fiscal year 1977 the appropriation authorization for the educational broadcast facilities program administered by the Department of Health, Education, and Welfare (HEW), and authorizes a new program of telecommunications demonstrations.

Agency Recommendations

Office of Management and Budget	Approval
Department of Health, Education, and Welfare	Approval
National Commission on Libraries and Information Science	Approval
Federal Communications Commission	No objection
Department of Commerce	No objection
Office of Telecommunications Policy	Defers to OMB

Discussion

HEW's educational broadcast facilities program, initiated in 1962, provides Federal grants to eligible applicants of up to 75% of the cost of acquiring and installing specified radio and television broadcasting facilities.

Grant funds cannot be used for the purchase, construction, or repair of buildings or the acquisition of land.

Eligible grantees include State or local public school agencies, public broadcasting agencies, tax-supported colleges, and nonprofit community corporations organized to engage in public broadcasting. The purpose of this HEW program is to help start and improve public broadcast facilities, in contrast to the role of the Corporation for Public Broadcasting, which provides support for ongoing operating expenses.

In March of 1975, HEW submitted legislation to the Congress (H.R. 4564) to extend the broadcast facilities program and authorize a new telecommunications demonstration program for a five-year period (fiscal years 1976-1980). Since educational television broadcast coverage now extends to 80% of the population and educational radio coverage to 65%, the Administration bill sought to modify the existing statutory funding criteria for the facilities program to shift the emphasis from expanded coverage to strengthened capability of existing noncommercial stations as the principal criterion for both television and radio facility grants.

The new telecommunications demonstration program proposed in HEW's bill was intended to promote the development of nonbroadcast telecommunications facilities and equipment (such as cables and satellites) for the transmission, distribution, and delivery of health, education, and social services information.

H.R. 9630 includes provision for a telecommunications demonstration program virtually identical to that proposed by the Administration. The enrolled bill differs from the Administration bill in several respects, however, as explained in detail in HEW's attached views letter. The major differences are:

-- H.R. 9630 would extend the authorization for the facilities program only through fiscal year 1977 and would provide a separate authorization for the demonstration program for the same period; as explained further below, the authorization level in the bill substantially exceeds the 1977 Budget request.

-- The enrolled bill would establish separate funding criteria for radio and television; for radio stations, first priority would be placed on extending coverage of

stations to unserved populations rather than upgrading existing facilities, as in the Administration proposal. The first priority for television, however, would be upgrading existing facilities.

-- The enrolled bill would increase the Federal share of grants to stations for the purchase of audio recording equipment from the current maximum of 75% to full funding by the Federal Government.

-- H.R. 9630 would broaden the definition of the term "construction" to include certain reception apparatus, such as radio subcarrier receivers and satellite transceivers, which could be read as opening an entirely new area of Federal support.

HEW expressed opposition to all these provisions in testimony on H.R. 9630, but believes that the acceptance in the enrolled bill of the proposed new telecommunications demonstration authority outweighs these aspects of the bill with which it disagrees.

Appropriation authorizations

H.R. 9630 would authorize \$7.5 million for the transition quarter and \$30 million for fiscal year 1977 for the educational broadcasting facilities program, which is a continuation of the amount authorized for fiscal years 1975 and 1976 under present law. The enrolled bill contains a separate appropriation authorization of \$250,000 for the transition quarter and \$1 million for fiscal year 1977 for the new demonstration authority.

The Administration's bill had proposed a single authorization for both programs of \$7 million for each of the fiscal years 1976-1980, consistent with the 1977 Budget request and future year projections.

HEW notes that while the authorization level in the enrolled bill is substantially above the budget request, the Department does not believe that level will be reflected in actual appropriations, and will continue to urge the Congress to appropriate at the recommended level in the budget.

Recommendations

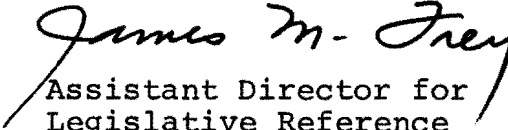
HEW urges approval of H.R. 9630. The Department believes

that in spite of the few differences between the Administration bill and H.R. 9630, the enrolled bill "is worthy of our complete support."

OTP believes the question presented by the bill is essentially fiscal, and therefore defers to OMB as to whether H.R. 9630 should be signed. OTP interposes no objection to the signing of the bill as a matter of telecommunications policy.

* * * * *

We concur in HEW's recommendation that you approve this bill. Although the authorizations are significantly above the Administration's budget request, actual appropriations for the facilities program for fiscal years 1975 and 1976 amounted to \$12 million and \$12.5 million, respectively, against the authorizations of \$30 million for each of those years. Furthermore, the one-year extension in the enrolled bill would provide an opportunity for the Administration to review its position on the educational broadcasting facilities program and submit amendments to remove the objectionable features cited above or propose additional amendments in the next session of the Congress.


Assistant Director for
Legislative Reference

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUN 2 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 9630 - Educational
Broadcasting Facilities and Telecommunications
Demonstration Act Extension of 1976
Sponsor - Rep. MacDonald (D) Massachusetts and
7 others

Last Day for Action

June 8, 1976 - Tuesday

Purpose

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Agency Recommendations

Office of Management and Budget	Approval
Department of Health, Education, and Welfare	Approval
National Commission on Libraries and Information Science	Approval
Federal Communications Commission	No objection
Department of Commerce	No objection
Office of Telecommunications Policy	Defers to OMB

Discussion

HEW's educational broadcast facilities program, initiated in 1962, provides Federal grants to eligible applicants of up to 75% of the cost of acquiring and installing specified radio and television broadcasting facilities.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: ~~May~~ 3

Time: 900am

FOR ACTION: Lynn May *LM*
Max Friedersdorf
Ken Lazarus *KL*
MCW Steve McConahey
Bill Seidman

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults
Spencer Johnson *SP*
David Lissy *DL*

FROM THE STAFF SECRETARY

DUE: Date: June 4

Time: 900am

SUBJECT:

H.R. 9630 - Educational Broadcasting Facilities and
Telecommunications Demonstration Act
Extension of 1976

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

MAY 28 1976

Dear Mr. Lynn:

This is in response to your request for a report on H.R. 9630, an enrolled bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes."

In summary, H.R. 9630 substantially embodies an Administration proposal for the extension of the Educational Broadcasting Facilities program and the creation of a new Telecommunications Demonstration authority, and we urge that the enrolled bill be approved.

The bill would authorize two basic programs. First, the Department's direct support for over-the-air educational radio and television broadcasting facilities would be extended for one year through fiscal year 1977. The program would continue to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities. Television broadcast coverage of these stations now extends to approximately 80 percent of the population while radio coverage is approximately 65 percent.

Secondly, the legislation would provide authority for a new Telecommunications Demonstration authority designed to demonstrate ways to meet the common needs of the health, education, and social service community.

This legislation would provide a single broad authority for the Secretary to create the multi-user telecommunications services and facilities which will make it possible for health, education, and social service providers jointly to develop more efficient and economical means of meeting the nation's needs. In order to accomplish this objective, the legislation would authorize the Secretary to carry out a program of the support--through grants or contracts--of demonstrations in the use and application of nonbroadcast telecommunications facilities and equipment (such as cables and satellites). Moreover, the legislation would provide the authority to assist in the initial application of communications facilities that are uniquely suited to the needs of the health and education community, including the purchase by grantees or contractors of necessary telecommunications services from commercial carriers. Except for the authorization of appropriations, this new authority is identical with the Department's original proposal submitted to the Congress on March 3, 1975.

Under the Administration's proposal, a total of \$35 million would have been authorized for both the Educational Broadcasting Facilities program and the new Telecommunications Demonstration authority for the fiscal years 1976 through 1980. Thus, our proposal was for a combined \$7 million annual authorization for both programs. The enrolled bill would provide a separate authorization for each program, with \$30 million being authorized for the Facilities program and \$1 million being authorized for the Telecommunications program for the fiscal year 1977. One quarter of that amount would also be authorized for each program for the transition quarter. The enrolled bill would authorize the programs only through fiscal year 1977.

While the authorization level for the Facilities program is substantially above that contained in the President's budget, we do not believe this level will be reflected in actual appropriations. We will continue to urge the Congress to appropriate at the level recommended by the President.

There are a number of other differences between the Administration's proposal and H.R. 9630 which, while worthy of note, do not deter us from enthusiastically supporting the enactment of the bill.

(1) The Administration's proposal would have provided a five-year authorization for the programs, whereas H.R. 9630 provides an authorization only through fiscal year 1977. We would have preferred the longer duration, especially for the Telecommunications Demonstration authority, in order to encourage local and institutional partnerships in long-range developments in this area. However, we understand the reluctance of the Congress to authorize a new program for such a length of time before its merits have been demonstrated.

(2) The enrolled bill would establish separate criteria for the funding of radio and television projects under the Educational Broadcasting Facilities program. The criteria established for television would be identical with those proposed in the Administration's bill, with first priority being given to the strengthening of the capability of existing noncommercial stations. With regard to radio stations, however, the enrolled bill would emphasize the extension of services with due consideration to equitable geographic coverage throughout the country. Because the coverage of existing radio stations is not as extensive as that of television, we understand the rationale of this provision and have no objection to it.

(3) The enrolled bill would broaden the definition of the term "construction" to include certain reception apparatus. While we disagree with this proposal, we see no indication in the legislative history to indicate that broad usage of this authority is contemplated. We would expect to utilize this authority only in unusual circumstances where the acquisition of this type of equipment is necessary in order to carry out the broadcasting function of noncommercial stations.

(4) The enrolled bill would authorize 100 percent grants to noncommercial television and radio stations for the purchase of log recorders. Authority already exists to purchase such equipment, but such acquisition is subject to the existing 25 percent matching requirement. Since most licensees have already acquired the equipment necessary to meet the recording requirements of the Act, we do not expect extensive use of this authority.

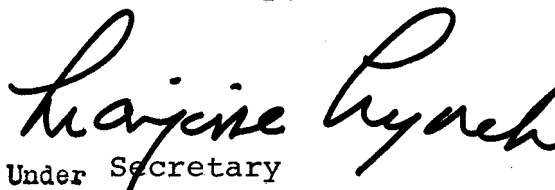
(5) The enrolled bill would modify our proposal relating to eligible recipients of grants under the Educational Broadcasting Facilities program to include educational or cultural institutions affiliated with eligible colleges or universities. This amendment does not substantially broaden the category of eligible recipients, and we have no objection to it.

In spite of these few differences between our original proposal and the enrolled bill, we believe this legislation is worthy of our complete support. The new Telecommunications Demonstration authority promises substantial benefits to many of the Department's program through the potential use of these new technologies for the distribution of health, education, and other social service information. This fact alone outweighs those few aspects of the bill with which we disagree. Furthermore, the major problem with the enrolled bill--the level of the authorization of appropriations--is a matter which will be within the control of the appropriations process, and we do not believe that our support for the other desirable features of this bill should be diminished because of the excessive authorizations.

For all of the above reasons, we wholeheartedly support this legislation and urge that it be approved by the President.

For your convenience we have enclosed a section-by-section summary of the enrolled bill.

Sincerely,


Under Secretary

Enclosure

SUMMARY OF H.R. 9630, THE EDUCATIONAL
BROADCASTING FACILITIES AND TELECOMMUNICATIONS
DEMONSTRATION ACT OF 1976

The Act would have the short title of the "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976".

Section 2 of the bill would modify the headings of part IV of title III of the Communications Act of 1934 and of subpart A thereof to reflect the amendments made by this bill. The declaration of purpose contained in section 390 of the Act would also be amended to reflect the broadened purposes set forth in this bill.

Section 3 would authorize the appropriation of \$7,500,000 for the transition quarter and \$30,000,000 for fiscal year 1977 for the Broadcasting Facilities program. Sums so appropriated would remain available to fund applications submitted within one year after the final day of such fiscal year or period.

Section 4(a) would amend the eligibility requirements for the educational broadcasting facilities program to include nonprofit colleges and universities, as well as publicly supported institutions, and any educational

or cultural institution affiliated therewith. Section 4(b) would amend the funding criteria for television grants under the educational broadcasting facilities program to emphasize (A) the strengthening of the capability of existing non-commercial educational broadcast stations, (B) adapting existing noncommercial educational broadcast facilities to broaden educational uses, and (C) extending noncommercial educational broadcasting services with due consideration to equitable coverage of all areas in the country. For radio grants the criteria would be designed to achieve (A) extension of services with due consideration to equitable geographic coverage, (B) strengthening the capacity of existing radio stations, and (C) provision of multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses.

Section 5 of the bill amends section 395 of the Act to require the Secretary to provide for "close coordination" with the Federal Communications Commission in the administration of the Broadcasting Facilities and Telecommunications Demonstration programs. Current law calls for "consultation and close coordination" by the Secretary with the FCC.

The section would also be amended to require the Secretary to provide for close coordination with the Corporation for Public Broadcasting in the administration of these functions.

Section 6 would modify the definition of the term construction, as applied to the Educational Broadcasting Facilities program, to include reception apparatus, non-video recording equipment, radio subcarrier receivers and satellite transceivers.

Section 7 of the bill authorizes the Secretary to make grants to any licensee of any noncommercial educational broadcast station receiving assistance under this part for the acquisition of log recording equipment which is necessary to comply with the requirement in section 399(b) of the Act for a licensee to retain for sixty days an audio recording of each broadcast in which an issue of public importance is discussed.

Section 8 adds to the Act a new section 392A which would authorize the Secretary to make grants and contracts in order to provide demonstration projects for the development of nonbroadcast communications facilities and services for the transmission, distribution, and delivery of health, education, and public or social service information. Any

public or nonprofit private agency, organization, or institution would be eligible to participate in the program. Subsection (b) of the new section sets forth the requirements which applications for grants or contracts for telecommunications demonstrations must meet. In order to approve such an application the Secretary must determine:

(1) that the project will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities which relate to the purposes of this section;

(2) that the applicant will retain administrative control of the project;

(3) that the applicant has the management and technical capability to carry out the project; and

(4) that acquired facilities and equipment will be used only for health, education, or public or social services purposes.

Subsection (c) of the new section 392A would authorize the Secretary to pay up to 100 percent of the approved costs of any project.

Subsection (d) would prohibit the use of funds under the new section for construction of structures, but would permit necessary minor remodeling which is incident to the installation of equipment and facilities.

Subsection (e) provides a definition of the term "nonbroadcast telecommunications facilities".

Subsection (f) provides that demonstrations funded pursuant to this section may continue for a period of not more than three years.

Subsection (g) requires grantees to submit annual summary and evaluation reports.

Subsection (h) authorizes the appropriation of \$250,000 for the transition quarter and \$1,000,000 for the fiscal year 1977 for the purposes of this section. These funds would remain available for grants and contracts for which applications have been received prior to one year after the last day of such fiscal year or period.

**National
Commission
on Libraries**



**and
Information
Science**

1717 K STREET, N.W.
SUITE 601
WASHINGTON, D.C. 20036

TO : Mr. James M. Frey
Office of Management and Budget

ATTN : Ms. Ramsey

FROM : Alphonse F. Trezza *Alphonse F. Trezza*
Executive Director

SUBJECT: H.R. 9630

The National Commission on Libraries and Information Science wishes to strongly endorse H.R. 9630. Telecommunications demonstration, Section 392(A), is especially important for libraries and information centers. Telecommunications demonstrations of the transmission, distribution, and delivery of bibliographic data for library and information services will be extremely important in the development and implementation of a national network of libraries and information centers. This Bill provides opportunities that will help in implementing the Commission's National Program Document, "Toward a National Program for Library and Information Services: Goals for Action."

Note: There seems to be a typographical error in Section 392(A).(b)(1), second line, word "of" should read "or."

FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D.C. 20554

MAY 27 1976

IN REPLY REFER TO:
3200

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management & Budget
Washington, D.C. 20503

Dear Mr. Frey:

This is in response to your May 26 request for the Commission's views and recommendations on enrolled bill H.R. 9630, the "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976."

H.R. 9630 amends the Communications Act of 1934 to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information. The Commission generally supports both these goals.

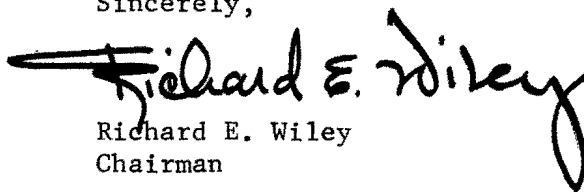
We are pleased to note that Mr. William A. Morrill, Assistant Secretary for Planning and Evaluation, Department of Health, Education and Welfare, in his statement to the House Subcommittee on a similar bill, H.R. 4564, expressly pointed out that HEW expects to fund demonstrations of telecommunications systems such as the Instructional Television Fixed Service (ITFS).

ITFS is a low-powered television microwave service which provides a locally controlled, simultaneous, four-channel instructional television system at costs far below those required for educational television broadcasting systems.

H.R. 9630 changes the current requirement in section 395 of the Communications Act of "consultation and close cooperation" on the part of HEW with the FCC to "close coordination." We understand this was intended to strengthen HEW's coordination requirements with the Commission in this area. It is expected that there will be a close working relationship and advance coordination between HEW and FCC with respect to matters of interest to or affecting the functions of the Commission and that we will be given some formal participation in the selection and evaluation of the demonstrations.

The Federal Communications Commission, therefore, has no objection to the signing of the bill.

Sincerely,

A handwritten signature in black ink that reads "Richard E. Wiley". The signature is written in a cursive style with a prominent horizontal stroke at the beginning of the word "Richard".

Richard E. Wiley
Chairman



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAY 28 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning H. R. 9630, an enrolled enactment

"To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes."

The principal purpose of H. R. 9630 is to amend the Communications Act of 1934, so as to (1) authorize appropriations through fiscal year 1977 to carry out the matching grant program for the construction of noncommercial educational television or radio broadcasting facilities, and (2) establish and authorize appropriations for a program to demonstrate the use of telecommunications technologies for the distribution and dissemination of health, education, and other public or social service information.

The Department of Commerce has no objection to approval by the President of H. R. 9630.

Enactment of this legislation would involve no increase in the budgetary requirements of the Department of Commerce.

Sincerely,


Acting Secretary of Commerce




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

June 2, 1976

DEPUTY DIRECTOR

MEMORANDUM FOR ASSISTANT DIRECTOR FOR LEGISLATIVE REFERENCE
OFFICE OF MANAGEMENT AND BUDGET

ATTENTION: MS. RAMSEY

FROM: JOHN EGER 

SUBJECT: H.R. 9630, An enrolled bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes."

This is in response to your request of May 26, 1976, for the views of this office with respect to the above-referenced enrolled bill.

This office was asked to comment on H.R. 9630 by Senator Magnuson in March of this year at which time we opposed enactment of the bill. The enrolled bill is identical to the one on which we commented, with the exception of the correction of a typographical error in Section 392(A)(h) authorizing \$1,000,000 to be appropriated for the fiscal year ending June 30, 1976. The enrolled bill has been corrected to June 30, 1977.

Attached is a copy of our comments to Senator Magnuson wherein we noted that the authorization for the facilities program is substantially greater than that contained in the Administration's legislative proposal, H.R. 4564. Although our views expressed in the letter to Senator Magnuson are unchanged, the question presented is essentially fiscal. We would, therefore, defer to OMB's judgment as to whether the amounts authorized by this bill are consistent with the Administration's budget, and whether this bill should be signed by the President in consequence. As a matter of telecommunications policy, OTP interposes no objection to the signing of this legislation.

Attachment

MAR 16 1976

Honorable Warren G. Magnuson
United States Senate
Washington, D.C. 20510

Dear Senator Magnuson:

You have requested the views of the Office of Telecommunications Policy on H.R. 9630, a bill to extend the DHEW Educational Broadcast Facilities Program and to provide authority for DHEW support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information.

This bill, inter alia, would authorize the appropriation of \$37.5 million for the period July 1, 1976, through the fiscal year ending September 30, 1977, to assist in the construction of noncommercial educational television or radio broadcasting facilities. A separate appropriation of \$1,250,000 would be authorized for demonstration grants or contracts to promote the development of nonbroadcast telecommunications facilities and services through September 30, 1976.

We note that the authorization for the facilities program is significantly in excess of that contained in the Administration's legislative proposal, H.R. 4564. (\$7 million per year for five years for both programs.) Moreover, H.R. 9630 would provide separate appropriation authorizations for the construction of broadcast facilities and for nonbroadcast facilities demonstrations. We strongly support a single appropriation authorization as contained in H.R. 4564.

The original purpose of the facilities program was to assist in the construction of noncommercial educational broadcast stations in order to expand the availability of educational broadcast services.

The present coverage of educational broadcast service already reaches approximately 80% of the population. Accordingly, we believe that continued Federal subsidy at the levels contemplated by H.R. 9630 is excessive and unwarranted. The marginal costs of reaching the remaining 20% of the population by conventional broadcast technology exceeds the benefits to be gained.

The Administration's budget recommendations represent a fair and proper evaluation of the needs of the facilities program given the present coverage of the educational broadcast system and the potential availability of new, more effective means of program distribution. We therefore oppose enactment of H.R. 9630 unless modified to address the concerns discussed above.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program, and that enactment of H.R. 4564 would be in accord with the President's program.

Sincerely,

(5)

John Eger
Acting Director

Date: June 3

Time: 400am

FOR ACTION: Lynn May cc (for information): Jack Marsh
 Max Friedersdorf Jim Cavanaugh
 Ken Lazarus Spencer Johnson
 Steve McConahey David Lissy
 Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: June 4

Time: 400am

SUBJECT:

H.R. 9630 - Educational Broadcasting Facilities and
 Telecommunications Demonstration Act
 Extension of 1976

ACTION REQUESTED:

For Necessary Action For Your Recommendations
 Prepare Agenda and Brief Draft Reply
 For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

6-4
 Recommend Approval
 MJ

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
 For the President

THE WHITE HOUSE
WASHINGTON

June 4, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M.L.F.*
SUBJECT: HR 9630 - Educational Broadcasting Facilities and
Telecommunications Demonstration Act Extension
of 1976

The Office of Legislative Affairs concurs with the agencies
that the subject bill be approved.

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: June 3

Time: 400pm

FOR ACTION: Lynn May
 Max Friedersdorf
 Ken Lazarus
 Steve McConahey
 Bill Seidman

cc (for information): Jack Marsh
 Jim Cavanaugh
 Ed Schmults
 Spencer Johnson
 David Lissy

FROM THE STAFF SECRETARY

DUE: Date: June 4

Time: 400am

SUBJECT:

H.R. 9630 - Educational Broadcasting Facilities and
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 Extension of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Approval
LWS

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

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400am

FOR ACTION:

Lynn May

Max Friedersdorf

Ken Lazarus

Steve McConahey

Bill Seidman

cc (for information):

Jack Marsh

Jim Cavanaugh

Ed Schmults

Spencer Johnson

David Lissy

FROM THE STAFF SECRETARY

DUE: Date: June 4

Time: 400am

SUBJECT:

H.R. 9630 - Educational Broadcasting Facilities and
Telecommunications Demonstration Act
Extension of 1976

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection -- Ken Lazarus 6/4/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATION ACT OF 1976

JANUARY 19, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany H.R. 9630]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 9630) to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, line 5, strike out "1975" and insert 1976".

Page 2, line 19, insert "public or" before "social".

Page 2, line 24, strike out "\$7,500,00" and insert \$7,500,000".

Page 6, line 19, insert "public or" before "social".

Page 7, line 2, strike out the colon at the end of the line and insert a dash.

Page 7, line 16, insert "public or" before "social".

Amend the title so as to read:

A bill to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes.

[H.R. 9630, 94th Cong., 2d sess.]

A BILL To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, 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 "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976".

PURPOSE:

SEC. 2. (a) Part IV of title III of the Communications Act of 1934 is amended by striking out the heading of such part and inserting in lieu thereof "ASSISTANCE FOR NON-COMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS; CORPORATION FOR PUBLIC BROADCASTING."

(b) Subpart A of such part is amended by striking out the heading of such subpart and inserting in lieu thereof "ASSISTANCE FOR NON-COMMERCIAL EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATIONS."

(c) Section 390 of such Act is amended to read as follows:

"DECLARATION OF PURPOSE

"SEC. 390. The purposes of this subpart are (1) to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities, and (2) to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other *public or* social service information."

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. Section 391 of the Communications Act of 1934 is amended to read as follows:

"SEC. 391. There are authorized to be appropriated [\$7,500,000] \$7,500,000 for the period July 1, 1976, through September 30, 1976, and \$30,000,000 for the fiscal year ending September 30, 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities as provided in this subpart. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period."

CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

SEC. 4. (a) Section 392(a)(1) of the Communications Act of 1934 is amended by striking out clause (C) and inserting in lieu thereof "(C) a public or private nonprofit college or university,"

(b) Section 392(d) of such Act is amended to read as follows:

"(d)(1) The Secretary shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broaden educational uses; and (C) extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States.

"(2) The Secretary shall base his determination of whether to approve applications for radio grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses."

COORDINATION

SEC. 5. Section 395 of the Communications Act of 1934 is amended to read as follows:

"COORDINATION WITH THE COMMISSION AND THE CORPORATION

"SEC. 395. The Federal Communications Commission is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for close coordination with the Federal Communications Commission in the administration of his functions under this subpart which are of interest to or affect the functions of the Commission. The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to or affect the functions of the Corporation."

CONSTRUCTION

SEC. 6. Section 397(2) of the Communication Act of 1934 is amended to read as follows:

"(2) The term 'construction', as applied to educational television broadcasting facilities or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, video recording equipment, non-video recording equipment, radio subcarrier receivers, and satellite transceivers) necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but such term 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."

AUDIO RECORDING EQUIPMENT

SEC. 7. Section 399(b) of the Communications Act of 1934 is amended by adding at the end thereof the following new paragraph:

"(5) From amounts appropriated pursuant to section 391 after the date of enactment of this paragraph, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of this subsection."

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 8. The Communications Act of 1934 is amended by adding after section 392 the following new section:

"TELECOMMUNICATIONS DEMONSTRATIONS

"SEC. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and *public or social service information*. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

"(b) The Secretary may approve an application submitted under subsection (a) if he determines [:]—

"(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

"(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

"(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

"(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or *public or social service information*.

"(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with establishment practice, as he may determine.

"(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

"(e) For purposes of this section, the term 'nonbroadcast telecommunications facilities' includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

"(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

"(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

"(h) There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period."

Amend the title so as to read: "A bill to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes."

PURPOSE OF THE LEGISLATION

The bill (H.R. 9630), as amended, would (1) extend for an additional one year and three months (transition fiscal period and fiscal year 1977) the matching grant program for construction of noncommercial educational radio and television broadcasting (hereafter in this report referred to as "public broadcasting") facilities; (2) authorize the appropriation of \$7,500,000 for the transitional fiscal period and \$30,000,000 for fiscal year 1977 for public broadcasting facilities grant program; (3) establish a telecommunications demonstration program to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and public or social service information (hereafter in this report referred to as "demonstration program"); (4) authorize the appropriations of \$1,000,000 for fiscal year 1976 and \$250,000 for transitional fiscal period for such program; and (5) create separate priorities for radio and television in the public broadcasting facilities grant program.

BACKGROUND

Previous Legislation

The Congress enacted the Educational Television Facilities Act of 1962 (Public Law 87-447) to provide matching grants to establish and expand noncommercial educational television broadcasting stations.

In large measure because of the success of the program established by the Educational Television Facilities Act of 1962, the Congress enacted the Public Broadcasting Act of 1967 (Public Law 90-129), which established the Corporation for Public Broadcasting and expanded the educational television facilities grant program to include educational radio facilities.

The Congress in passing the Public Broadcasting Act of 1967, recognized the sensitive role the Corporation must play in public broadcasting's development. On the one hand, it was to promote the availability of programs of high quality from diverse sources and to assist in the development of interconnection and related systems; but, on the other hand, its work was to be done in a manner that would

most effectively assure the maximum freedom of the public broadcasting facilities and local stations from interference with or control of program matter or other affairs.

In extending certain authorizations for the Corporation of Public Broadcasting and for certain construction grants for public broadcasting facilities in 1973 Public Law 93-84, the Congress reaffirmed its intention to help stimulate construction and growth of noncommercial broadcasting.

Public Broadcasting Facilities Grant Program

Under the public broadcasting facilities grant program, the Secretary of Health, Education, and Welfare (HEW) makes grants to eligible applicants of up to 75 percent of the cost of acquiring and installing specified radio and television broadcasting apparatus. Grant funds cannot be used for the purchase, construction, or repair of buildings or the acquisition of land.

There are five classes of eligible applicants for grants under the program: (1) State or local public school agencies; (2) State public broadcasting agencies and commissions; (3) tax supported colleges and universities; (4) nonprofit community corporations and associations organized primarily to engage in public broadcasting; and (5) municipalities operating public broadcasting stations. Any grant must (in addition to being used for the acquisition and installation of broadcasting apparatus) be used in furtherance of public broadcasting, which requires that the grantee have or be in the process of obtaining a license from the Federal Communications Commission (FCC) to engage in public broadcasting.

Of the funds appropriated for this program in any fiscal year, not more than 8½ percent may be granted for projects in any one State.

In determining which applications for public broadcasting facilities grants are to be approved, the Secretary of HEW is governed by regulations intended to achieve (1) prompt and effective use of all public television channels remaining available; (2) equitable geographic distribution of public broadcasting facilities throughout the several States; and (3) provision of public broadcasting facilities adaptable to the broadest educational uses which will serve the greatest number of people in as many areas as possible.

In 1962, when the educational television broadcasting facilities grant program was enacted, there were 76 educational television stations on the air serving areas occupied by slightly more than 50 percent of the population of the United States. Today there are 264 such stations on the air serving areas occupied by approximately 80 percent of the population. These stations are located in every State, except Montana and Wyoming, and also in the District of Columbia, Virgin Islands, Puerto Rico, Guam, and American Samoa.

In addition to noncommercial television broadcasting stations, the public broadcasting facilities grant program also applies to noncommercial radio broadcasting stations of which there are at present about 800 on the air serving areas occupied by approximately 61 percent of the population. These areas that are presently served by noncommercial radio broadcasting stations do not include 36 of the top 100 markets.

Since the beginning of the public broadcasting facilities grant program in 1963, less than \$100 million in Federal funds have been

awarded. In addition to matching project costs, stations must (1) guarantee to operate the equipment purchased for 10 years; (2) show evidence of at least the first year's operating funds on hand or certified available; and (3) pay all building and land costs from other than grant funds. The Federal investment in public broadcasting facilities, while less than 10 percent of the gross expenditure from public and private sources, has stimulated an investment in excess of \$1 billion.

Notwithstanding the success of the broadcasting facilities grant program, authorizations and appropriations have failed to meet established needs; \$30 million was authorized and \$12 million appropriated for the program for fiscal year 1975. When all of the funds appropriated for fiscal year 1975 had been expended there remained 100 applications which had not been acted upon seeking approximately \$32 million in Federal funds.

The authorizations contained in H.R. 9630 will not only increase local station capability to provide better local service through their purchase of local production equipment and facilities to expand their coverage areas, but will, as well, substantially ensure that they become truly free to make use of national programming distributed to them over the interconnection in a manner that allows them to schedule the programs at the most convenient local time.

AGENCY GRANT PROCESS

During the hearings, testimony was given that indicated that the review process of applications at HEW for supplemental requests for funds was entirely too lengthy. Your Committee expects that the Educational Broadcast Facilities Program, through the Secretary of Health, Education, and Welfare, will institute a rulemaking to provide for an abbreviated application process for supplemental funding requests.

Also during the hearings, testimony was given that indicated that HEW did not make grants under the public broadcasting facilities program until the end of the fiscal year. The Committee finds this lack of action by HEW deplorable and the Committee expects that HEW will institute an application approval process that will include at least two grant periods during the fiscal year.

SEPARATE PRIORITIES

On December 16, 1973, HEW published Proposed Rules in the *Federal Register* to govern the award of grants for fiscal year 1974 under the Broadcasting Facilities grant program. Appended to the proposed rules were project priorities which would assign first priority to the expansion and improvement of existing public broadcasting stations and second or lower priority to the activation of new public broadcast stations. On March 11, 1974, those proposed rules were placed in effect through publication in the *Federal Register*. While 80 percent of the population of the United States is covered by public television broadcasting stations, public radio broadcasting stations reach only 61 percent of the population. Under these new priorities, few, if any, public radio broadcasting stations would be activated.

Your Committee believes that public radio broadcasting has not yet reached the level of coverage to justify a reordering of the priorities

for the award of grants to public radio. It is the intent of your Committee to keep these priorities separate until such time as public radio has reached a level of coverage comparable to public television. Therefore, H.R. 9630 proposes separate priorities for public radio and public television grants under this program.

AUDIO READING EQUIPMENT

In extending certain authorizations of the Corporation for Public Broadcasting for certain construction grants for public broadcasting facilities in 1973, the Congress amended section 399 to the Communications Act of 1934 with the following paragraph in subsection (b):

(b) (1) Except as provided in paragraph (2), each licensee which receives assistance under this part after the date of the enactment of this subsection shall retain an audio recording of each of its broadcasts of any program in which any issue of public importance is discussed. Each such recording shall be retained for the sixty-day period beginning on the date on which the licensee broadcasts such program.

During the hearings before the Subcommittee on Communications, testimony was presented that indicated that few public radio broadcasting stations have the technical capability to comply with this requirement. In order to insure that audio recording equipment could be funded under the public broadcasting facilities grant program, H.R. 9630 provides for funding for this specific purpose. H.R. 9630 also provides that the public broadcasting facilities grant program fund the total cost of the audio recording equipment because of its high cost (approximately \$3,000-\$6,000 per unit). The equipment includes four channel logging recorders with time code generators and tape stock for 60 days.

DEMONSTRATION PROGRAM

H.R. 9630 provides that the Secretary of HEW promote the development of nonbroadcast telecommunications facilities and services of the transmission, distribution and delivery of health, education, and public or social service information. The demonstration program is intended to permit the conceptualization, development, experimentation, and demonstration of cost-effective applications of telecommunications to public or social service.

Your Committee does not intend that this authorization fund large new hardware telecommunications systems, but rather that it stimulate, through a minimum of Federal expenditure, the rechanneling of large existing local, private, and individual resources toward more efficient and effective service delivery.

The demonstration program allows for a diverse number of technologies to be stimulated into uses of public or social benefit. Satellite technology, coaxial cable, fiber optics, and other means of transmission might be considered.

The demonstration program is intended to respond to local and community initiatives in generating proposals. Since the demonstration program proposed in this bill would be new, your Committee only

requested authorization for one fiscal year, plus the transitional fiscal period. While your Committee intends that this program be a continuing program, the Committee was of the opinion that it should review the progress of the program before authorizing funds for additional fiscal years.

Your Committee feels strongly that the \$1,250,000 authorization represents the minimum amount required to make this program functional. An appropriation of a lesser amount would seriously cripple this program.

COMMITTEE ACTION

The Committee, acting through its Subcommittee on Communications, held two days of hearings (June 3 and 4, 1975) on H.R. 4564, a bill submitted by the Administration. In the course of those hearings, testimony was taken from the President's of the Corporation for Public Broadcasting, the Public Broadcasting Service, National Public Radio, and Association of Public Radio Stations, representatives from the Department of Health, Education, and Welfare, The Honorable Clarence J. Brown (Ohio), and representatives of other organizations involved in public broadcasting.

H.R. 9630, a similar version of H.R. 4560, was ordered reported to the House by the Committee on December 3, 1975 by a voice vote while a majority of the Committee was present.

COMMITTEE AMENDMENTS

Your Committee made one technical amendment in the bill to correct two printing errors, and your Committee also adopted one substantive amendment which expanded the term "social service information" to include public information.

SECTION-BY-SECTION ANALYSIS

SECTION 1—SHORT TITLE

The first section provides that this legislation may be cited as the "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976".

SECTION 2—PURPOSE

Subsection (a) amends the heading of part IV of title III of the Communications Act of 1934 to read as follows: Assistance of Non-commercial Educational Broadcasting Facilities; Telecommunications Demonstrations; Corporation of Public Broadcasting.

Subsection (b) amends the heading of subpart A of part IV of title III of the Act to read as follows: Assistance of Non-Commercial Educational Broadcasting Facilities and Telecommunications Demonstrations.

Subsection (c) amends section 390 of the Act to include demonstrations (through grants or contracts) of the use of telecommunications technologies of the distribution and dissemination of health, education, and other public or social service information.

SECTION 3—AUTHORIZATION OF APPROPRIATIONS

The third section amends section 391 of the Act by authorizing an appropriation of \$7,500,000 for the transitional fiscal period from July 1, 1976, through September 30, 1976, and an appropriation of \$30,000,000 for fiscal year 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period.

SECTION 4—CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

Subsection (a) amends section 392(a)(1) of the Act and states that college or university applicants be a public or private nonprofit college or university.

Subsection (b) amends section 392(d) of the Act and states that—
(1) the Secretary of Health, Education, and Welfare shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations designed to achieve (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broad educational uses; and (C) the extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States; and (2) the Secretary shall base his determination of whether to approve applications of radio grants under this section and the amount of such grants on criteria set forth in regulation and designed to achieve (A) the extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services of special interest, minority, and educational uses.

SECTION 5—COORDINATION

This section amends section 395 of the Act and states that the FCC is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for close coordination with the FCC in the administration of his functions under this subpart which are of interest to affect the functions of the Commission. The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to affect the functions of the Corporation.

SECTION 6—CONSTRUCTION

This section amends section 397(2) of the Act and states that the term "construction", as applied to educational television broadcasting

facilities or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, video recording equipment, nonvideo recording equipment, radio subcarrier receivers, and satellite transceivers) necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but the term "construction" 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.

SECTION 7—AUDIO RECORDING EQUIPMENT

This section states that from amounts appropriated pursuant to section 391 of the Act, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of section 399(b) of the Act which requires that a licensee under this part retain an audio recording for 60 days of each of its broadcasts of any program in which an issue of public importance is discussed.

SECTION 8—TELECOMMUNICATIONS DEMONSTRATIONS

Subsection (a) states that it is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

Subsection (b) states that the Secretary may approve an application submitted under subsection (a) if he determines—

(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or social service information.

Subsection (c) states that upon approving any application under this section with respect to any project, the Secretary shall make a grant to, or enter into a contract with the applicant in an amount

determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

Subsection (d) states that funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for, and incident to, the installation of such facilities or equipment.

Subsection (e) states that for purposes of this section, the term "non-broadcast telecommunications facilities" includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

Subsection (f) states that the funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

Subsection (g) states that the Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

Subsection (h) states that there are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period.

OVERSIGHT FINDINGS

Pursuant to Clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee issues the following oversight findings:

The Committee believes that the present appropriations for the public broadcasting facilities grant program are inadequate to carry out the provisions of the program. The Committee finds that the amendment proposed in this legislation of section 391 of the Communications Act of 1934 is necessary and prudent. The Committee findings which appear above in the Report caused the Committee to recognize that some changes in the existing public broadcasting program were necessary. H.R. 9630 is a reflection of the Committee's recognition of these needs of change.

In regard to Clause 2(1)(3)(D) of Rules XI of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Operations.

INFLATIONARY IMPACT STATEMENT

Pursuant to Clause 2(1)(4) of Rule XI of the Rules of the House of Representatives, the Committee makes the following statement in regard to the inflationary impact of the reported bill:

The Committee is convinced that enactment of this legislation will have no inflationary impact on prices and costs in the operation of the national economy. The public broadcasting facilities grant program was started in 1962 and this legislation is an extension of that basic program with some changes. The Federal investment in this program has stimulated an investment from private sources of more than \$10 to every \$1 of federal funds in public broadcasting facilities. Therefore, this Committee is convinced that this legislation will have a beneficial impact on the national economy.

COST ESTIMATE

Pursuant to Clause 7 of Rules XIII of the Rules of the House of Representatives, the following statement is made relative to the cost of this legislation.

The reported bill authorizes an appropriation of \$37,500,000 (for the public broadcasting facilities grant program) and an appropriation of \$1,250,000 (for fiscal year 1976 and the transitional fiscal period) for the demonstration program. The reported bill does allow for sums appropriated under this legislation for any fiscal year or period to remain available for payment of grants for projects for applications which are submitted and approved under this legislation for one year after the last day of such fiscal year or period.

These amounts represent the estimate of funds that can be reasonably expended in one year to carry out the purposes of this legislation. Therefore, the Committee believes that the majority of the funds proposed in this legislation will be expended during the appropriate fiscal years or periods.

In regard to Clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives, no cost estimate or comparison has been submitted by the Congressional Budget Office relative to the provisions of H.R. 9630.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

COMMUNICATIONS ACT OF 1934

TITLE III—PROVISIONS RELATING TO RADIO

PART IV—[GRANTS] ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS; CORPORATION FOR PUBLIC BROADCASTING

[SUBPART A—GRANTS FOR FACILITIES]

ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATIONS

[DECLARATION OF PURPOSE]

[SEC. 390. The purpose of this subpart is to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities.]

DECLARATION OF PURPOSE

Sec. 390. The purposes of this subpart are (1) to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities, and (2) to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other public or social service information.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 391. There are authorized to be appropriated for the fiscal year ending June 30, 1974, and for the succeeding fiscal year such sums not to exceed \$25,000,000 for the fiscal year ending June 30, 1974, and \$30,000,000 for the succeeding fiscal year, as may be necessary to carry out the purposes of section 390. Sums appropriated under this section for any fiscal year shall remain available for payment of grants for projects for which applications approved under section 392, have been submitted under such section prior to the end of the succeeding fiscal year.]

Sec. 391. There are authorized to be appropriated \$7,500,000 for the period July 1, 1976, through September 30, 1976, and \$30,000,000 for the fiscal year ending September 30, 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities as provided in this subpart. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period.

GRANTS FOR CONSTRUCTION

SEC. 392. (a) For each project for the construction of noncommercial educational television or radio broadcasting facilities there shall be submitted to the Secretary an application for a grant containing such information with respect to such project as the Secretary may by regulation require, including the total cost of such project and the amount of the Federal grant requested for such project, and providing assurance satisfactory to the Secretary—

(1) that the applicant is (A) an agency or officer responsible for the supervision of public elementary or secondary education or public higher education within that State, or within a political subdivision thereof, (B) in the case of a project for television facilities, the State noncommercial educational television agency or, in the case of a project for radio facilities, the State educational radio agency, [(C) a college or university deriving its support in whole or in part from tax revenues,] (C) a public or private non-profit college or university, (D) (i) in the case of a project for television facilities, a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage noncommercial educational television broadcasting and is eligible to receive a license from the Federal Communications Commission for a noncommercial educational television broadcasting station pursuant to the rules and regulations of the Commission in effect on April 12, 1962, or (ii) in the case of a project for radio facilities, a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage noncommercial educational radio broadcasting and is eligible to receive a license from the Federal Communications Commission; or meets the requirements of clause (i) and is also organized to engage in or encourage such radio broadcasting and is eligible for such a license for such a radio station, or (E) a municipality which owns and operates a broadcasting facility transmitting only noncommercial programs;

(2) that the operation of such educational broadcasting facilities will be under the control of the applicant or a person qualified under paragraph (1) to be such an applicant;

(3) that necessary funds to construct, operate, and maintain such educational broadcasting facilities will be available when needed;

(4) that such broadcasting facilities will be used only for educational purposes; and

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

(b) The total of the grants made under this part from the appropriation for any fiscal year for the construction of noncommercial

educational television broadcasting facilities and noncommercial educational radio broadcasting facilities in any State may not exceed 8½ per centum of such appropriation.

(c) (1) In order to assure proper coordination of construction of noncommercial educational television broadcasting facilities within each State which has established a State educational television agency, each applicant for a grant under this section for a project for construction of such facilities in such State, other than such agency, shall notify such agency of each application for such a grant which is submitted by it to the Secretary, and the Secretary shall advise such agency with respect to the disposition of each such application.

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

(d) (1) The Secretary shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve [(1) prompt and effective use of all noncommercial educational television channels remaining available, (2) equitable geographical distribution of educational television broadcasting facilities or noncommercial educational radio broadcasting facilities, as the case may be, throughout the States, and (3) provision of educational television broadcasting facilities or noncommercial educational radio broadcasting facilities, as the case may be, which will serve the greatest number of persons and serve them in as many areas as possible, and which are adaptable to the broadest educational uses]. (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broaden educational uses; and (C) extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States.

(2) The Secretary shall base his determination of whether to approve applications for radio grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses.

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

ment, and in such installments consistent with construction progress, as he may determine.

(f) If, within ten years after completion of any project for construction of educational television or radio broadcasting facilities with respect to which a grant has been made under this section—

(1) the applicant or other owner of such facilities ceases to be an agency, officer, institution, foundation, corporation, or association described in subsection (a) (1), or

(2) such facilities cease to be used for noncommercial educational television purposes or noncommercial educational radio purposes, as the case may be (unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation so to do), the United States shall be entitled to recover from the applicant or other owner of such facilities the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facilities are situated) of such facilities, as the amount of the Federal participation bore to the cost of construction of such facilities.

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 392A. (a) *It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and public or social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.*

(b) *The Secretary may approve an application submitted under subsection (a) if he determines—*

(1) *that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;*

(2) *that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;*

(3) *that the applicant has the managerial and technical capability to carry out the project for which the application is made; and*

(4) *that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or public or social service information.*

(c) *Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in ad-*

vance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

(e) For purposes of this section, the term "nonbroadcast telecommunications facilities" includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

(h) There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period.

* * * * *

[PROVISION OF ASSISTANCE BY FEDERAL COMMUNICATIONS COMMISSION]

COORDINATION WITH THE COMMISSION AND THE CORPORATION

SEC. 395. The Federal Communications Commission is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for [consultation and close cooperation] close coordination with the Federal Communications Commission in the administration of his functions under this subpart which are of interest to or affect the functions of the Commission. The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to or affect the functions of the Corporation.

SUBPART C—GENERAL

DEFINITIONS

SEC. 397. For the purposes of this part—

(1) * * *

(2) The term "construction", as applied to educational television broadcasting facilities[,], or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception

apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, [and video-recording equipment]) video recording equipment, nonvideo recording equipment, radio subcarrier receivers, and satellite transceivers necessary for television broadcasting or radio broadcasting; as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but such term 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.

* * * * *

EDITORIALIZING AND SUPPORT OF POLITICAL CANDIDATES PROHIBITED;
RECORDINGS OF CERTAIN PROGRAMS

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

(b)(1) Except as provided in paragraph (2), each licensee which receives assistance under this part after the date of the enactment of this subsection shall retain an audio recording of each of its broadcasts of any program in which any issue of public importance is discussed. Each such recording shall be retained for the sixty-day period beginning on the date on which the licensee broadcasts such program.

(2) The requirements of paragraph (1) shall not apply with respect to a licensee's broadcast of a program if an entity designated by the licensee retains an audio recording of each of the licensee's broadcasts of such a program for the period prescribed by paragraph (1).

(3) Each licensee and entity designated by a licensee under paragraph (2) which retains a recording under paragraph (1) or (2) shall, in the period during which such recording is required under such paragraph to be retained, make a copy of such recording available—

(A) to the Commission upon its request, and

(B) to any other person upon payment to the licensee or designated entity (as the case may be) of its reasonable cost of making such copy.

(4) The Commission shall by rule prescribe—

(A) the manner in which recordings required by this subsection shall be kept, and

(B) the conditions under which they shall be available to persons other than the Commission.

giving due regard to the goals of eliminating unnecessary expense and effort and minimizing administrative burdens.

(5) From amounts appropriated pursuant to section 391 after the date of enactment of this paragraph, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of this subsection.

AGENCY REPORT ON H.R. 9630

HON. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce, U.S.
 House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for a report on H.R. 9630, a bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in the telecommunications technologies for the distribution of health, education, and social service information, and for other purposes."

In summary, H.R. 9630 substantially embodies an Administration proposal for the extension of the Educational Broadcasting Facilities Program and the creation of a new Telecommunications Demonstration authority. However, we object strongly to certain provisions in the bill as reported by the Subcommittee on Communications, particularly the proposed funding level, the modification of the criteria for funding of facilities applications, separation of the authorizations for the broadcast facilities program from that for the demonstration authority, and the limitation of the authorization of these programs to one year.

The bill would assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities and promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. It proposes a total of \$7,500,000 to support facilities grants for the period July 1, 1976 through September 30, 1976 and \$30,000,000 for the fiscal year ending September 30, 1977. In addition, the bill proposes \$1,000,000 for demonstration grants or contracts for the fiscal year ending June 30, 1976 and \$250,000 for the period July 1, 1976 through September 30, 1976.

With regard to the funding level for facilities, we believe that the authorization of \$30,000,000 for one year greatly exceeds the highest priority needs of the program and is, therefore, fiscally unnecessary. We also believe that the \$7,000,000 annual authorization level recommended by the Administration is adequate to accomplish the goals expressed in our proposal and further articulated in the testimony of the Assistant Secretary for Planning and Evaluation, William A. Morrill, on June 30, 1975 before the Subcommittee on Communications of your committee.

In H.R. 9630 the criteria upon which the Secretary shall base his determinations of whether to approve applications for grants have been separated for television and for radio and are given in a different order for the two. The bill may be read as implying that these criteria are fixed priorities which must be followed in funding applications under the facilities program. It should be made clear that any criteria contained in the statute are meant to serve as a framework around which the Secretary, through regulations, can develop specific priorities in which changing needs can be more readily reflected. Therefore, it is recommended that Section 4 be modified by substituting the language proposed in H.R. 4564. In any event, clause (C) of section 392(d)(2) should be eliminated, because providing cost effective first radio service to all people is more important than multiple radio service in major population centers.

A single authorization for both the Educational Broadcasting Facilities Program and the Telecommunications Demonstration authority, as opposed to the separate authorizations now in H.R. 9630, would allow the Department the flexibility necessary to respond quickly and effectively to changing conditions. While we have suggested approximate funding levels for these programs in the past, we believe that their needs will be better served by a single authorization.

Limiting the authorization for these programs to one year, as proposed in H.R. 9630, will unduly constrain our ability to make orderly and efficient plans for a nationwide public service telecommunications system. The limited period of authorization would also serve to discourage potential local and institutional partnerships in these long-range developments from investing their own resources in the face of what might appear to be a short-term Federal commitment. Further, cooperative efforts with NASA, other Federal agencies, and private organizations require long-term commitments to support the experimentation and evaluation associated with new telecommunications technology.

In addition, I am enclosing a list of specific recommendations which cover other provisions of concern to us. I hope you will find them useful in your consideration of the bill.

We therefore recommend that the bill be favorably considered, if it is modified to meet the concerns described above.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Thank you for this opportunity to share the Department's views with you. If you need additional information, please call on me or the appropriate members of my staff. We will be pleased to work with you as you wish or have need.

Sincerely,

DAVID MATHEWS, *Secretary.*

Enclosure.

ADDITIONAL HEW COMMENTS ON H.R. 9360, AS REPORTED BY THE
 HOUSE SUBCOMMITTEE ON COMMUNICATIONS

In addition to the major concerns expressed in Secretary Mathews' letter to Congressman Staggers, the Department of Health, Education, and Welfare has the following comments with regard to specific provisions in the measure.

1. The definition of "construction" in H.R. 9630 contains language that would open up an entirely new area of Federal support under the facilities program. The program has not in the past supported reception facilities other than those necessary to monitor signals being transmitted. If receivers do become eligible for Federal funding, as proposed in H.R. 9630, one result might be the ownership and distribution of receivers by noncommercial educational television or radio stations. This is not a proper function of such stations. Thus, it is recommended that on page 5 the words "and reception" be omitted from line 13 and the words "radio subcarrier receivers" be omitted from line 16. In addition, the inclusion of non-video recording equipment and satellite transceivers in line 15 through 17 should be de-

leted, as they are covered under existing regulations for the facilities program.

2. Section 399(b)(5), which provides one hundred percent grants to television and radio stations for the purchase of log-recorders, should be deleted. Such equipment can now be purchased but, as is the case with all other equipment, must meet the minimum 25% matching requirement. Most television stations and many radio stations already have equipment necessary to comply with paragraph (1) of section 399(b). To provide full funding to those stations not having such equipment would discriminate against those which have either purchased it with local funds or through a matching facilities grant from the Federal government.

AGENCY REPORT ON H.R. 4564

H.R. 4564 was the initial bill submitted under consideration by the Subcommittee.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

May 29, 1975.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of April 25, 1975, for a report on H.R. 4564, a bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes."

This bill embodies a legislative proposal submitted by this Department to Congress on March 3, 1975. A detailed explanation of and justification for this proposal is contained in the letter forwarding our draft bill to the Speaker of the House of Representatives. A copy of that letter is enclosed for your convenience.

We urge that your Committee give favorable consideration to this bill and that it be promptly enacted by Congress.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and enactment of H.R. 4564 would be in accord with the program of the President.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

Enclosure.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

March 3, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed for the consideration of the Congress is a draft bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in

telecommunications technologies for the distribution of health, education, and social service information, and for other purposes." This bill is similar to H.R. 17406 introduced for the Administration during the second session of the ninety-third Congress.

This bill has two basic purposes. First, the Department's direct support for over-the-air educational radio and television broadcasting facilities would be extended for a five-year period. Television broadcast coverage of these stations now extends to almost 78 percent of the population, while radio coverage is approximately 65 percent; extension of the facilities program for this additional period would permit the Department of Health, Education, and Welfare essentially to satisfy the original goals of the program while phasing down its direct support for construction of broadcasting facilities. Moreover, because the number of public television stations in the country represents a nearly complete and mature system, and because increased broadcast coverage is achievable only at unacceptably high per-viewer costs as the 100 percent coverage level is approached, the funding criteria for the broadcasting facilities program would be amended to emphasize (1) the strengthening of the capability of existing facilities, (2) adapting existing facilities to additional educational uses, and (3) extending educational broadcasting services, with due consideration to equitable coverage of all areas of the country.

Secondly, the legislation would provide authority for a telecommunications program designed to demonstrate ways to meet the common needs of the health and education community.

This legislation would provide a single broad authority in the Office of the Secretary to create the multi-user telecommunications services and facilities which will make it possible for health, education, and social service providers jointly to develop more efficient and economical means of meeting the nation's needs.

In order to accomplish this objective, the legislation would authorize the Secretary to carry out a program for the support—through grants or contracts—of demonstrations in the use and application of non-broadcast telecommunications facilities and equipment (such as cables and satellites). Moreover, the legislation would provide the authority to assist in the initial application of communications facilities that are uniquely suited to the needs of the health and education community, including the purchase by grantees or contractors of necessary telecommunication services from commercial carriers.

The bill would authorize appropriations totaling \$35 million over five years.

I am also enclosing for your convenience a brief summary and analysis of the proposed legislation.

I urge prompt and favorable consideration of this proposal.

The Office of Management and Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

Enclosures.

SUMMARY OF THE TELECOMMUNICATIONS FACILITIES AND
DEMONSTRATION ACT OF 1975

The basic purposes of the Telecommunications Facilities and Demonstration Act of 1975 are (1) to extend the educational broadcasting facilities program for five years and (2) to provide authority for the Secretary to support demonstrations in modern telecommunications technologies for the distribution and dissemination of health, education, and other social service information. The Act would modify the role of the Department of Health, Education, and Welfare in educational broadcasting to include not only direct support for particular facilities identified in the Communications Act of 1934 (hereinafter "the Act"), which are over the air radio and television broadcasting stations, but also more indirect support, through demonstration grants and contracts, of a wide range of modern telecommunication technologies. In many instances such technologies may provide a more efficient and economical means of meeting some of the country's health, education, and social service needs.

The Act would have the short title of the "Telecommunications Facilities and Demonstration Act of 1975".

Section 2 of the bill would modify the headings of part IV of title III of the Communications Act of 1934 and a subpart A thereof to reflect the amendments made by this bill. The declaration of purpose contained in section 390 of the Act would also be amended to reflect the broadened purposes set forth in this bill.

Section 3 would authorize the appropriation of \$7,000,000 for fiscal year 1976 and for each of the four succeeding fiscal years. Sums so appropriated would remain available to fund applications submitted prior to October 1, 1981.

Section 4(a) would amend the eligibility requirements for the educational broadcasting facilities program to include nonprofit colleges and universities as well as publicly supported institutions. Section 4(b) would amend the funding criteria for the educational broadcasting facilities program to emphasize (A) the strengthening of the capability of existing noncommercial educational broadcast stations, (B) adapting existing noncommercial educational broadcast facilities to additional educational uses, and (C) extending noncommercial educational broadcasting services with due consideration to equitable coverage of all areas in the country.

Section 5 adds to the Act a new section 392A which would authorize the Secretary to make grants and contracts in order to provide demonstration projects for the development of nonbroadcast communications facilities and services for the transmission, distribution, and delivery of health, education, and social service information. Any public or nonprofit private agency, organization, or institution would be eligible to participate in the program. Subsection (b) of the new section sets forth the requirements which applications for grants or contracts for telecommunications demonstrations must meet. Such applications must provide assurance: (1) That the project offers reasonable promise of demonstrating innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities which relate to the purposes of this section; (2) that the applicant will retain administrative control of the project; (3) that the applicant has the management and technical capability to carry out the project; and (4) that acquired facilities and equipment will be used only for health, education, and social services purposes.

Subsection (c) of the new section 392A would authorize the Secretary to pay up to 100 percent of the approved costs of any project.

Subsection (d) would prohibit the use of funds under the new section for construction of structures, but would permit necessary minor remodeling which is incident to the installation of equipment and facilities.

Subsection (e) provides a definition of the term "nonbroadcast telecommunications facilities."

Subsection (f) provides that demonstrations funded pursuant to this section may continue for a period of not more than three years.

Subsection (g) requires grantees to submit annual summary and evaluation reports.

A BILL To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, 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 "Telecommunications Facilities and Demonstration Act of 1975."

PURPOSE

SEC. 2. (a) Part IV of title III of the Communications Act of 1934 is amended by striking out the heading of such part and inserting in lieu thereof "ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS, CORPORATION FOR PUBLIC BROADCASTING".

(b) Subpart A of such part is amended by striking out the heading of such subpart and inserting in lieu thereof "ASSISTANCE FOR TELECOMMUNICATIONS FACILITIES AND DEMONSTRATIONS".

(c) Section 390 of such Act is amended to read as follows:

"DECLARATION OF PURPOSE

"SEC. 390. The purposes of this subpart are to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities and to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other social service information."

APPROPRIATIONS

"SEC. 3. Section 391 of such Act is amended to read as follows:

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 391. (a) There are authorized to be appropriated for carrying out the purposes of this subpart \$7,000,000 for the fiscal year ending June 30, 1976, and for each of the four succeeding fiscal years.

(b) Sums appropriated pursuant to this section shall remain available for payment of grants or contracts for projects for which applications, approved under sections 392 and 392A, have been sub-

mitted prior to October 1, 1981, for construction of noncommercial educational television or radio broadcasting facilities or for telecommunications demonstrations.”

CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

SEC. 4. (a) Section 392(a) (1) of such Act is amended by striking out clause (C) and inserting in lieu thereof “(C) a public or private nonprofit college or university.”

(b) Section 392(d) of such Act is amended to read as follows:

“(d) The Secretary shall base his determinations of whether to approve applications for grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (1) a strengthening of the capability of existing noncommercial educational broadcast stations to provide local services; (2) the adaptation of existing noncommercial educational broadcast facilities to broaden educational uses; and (3) extension of noncommercial educational broadcast services, with due consideration to equitable geographic coverage throughout the United States.”

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 5. The Communications Act of 1934 is amended by adding after section 392 the following new section:

“TELECOMMUNICATIONS DEMONSTRATIONS

“SEC. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts, with public and private non-profit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

“(b) The Secretary may approve an application submitted under subsection (a) if he determines:

“(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing non-broadcast telecommunications equipment or facilities to satisfy the purpose of this section;

“(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

“(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

“(4) that the facilities and equipment acquired or developed pursuant to the application will be used only for the transmission, distribution and delivery of health, education, or social service information.

“(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secre-

tary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

“(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

“(e) For purposes of this section, the term ‘nonbroadcast telecommunications facilities’ includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

“(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

“(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.”

OFFICE OF TELECOMMUNICATIONS POLICY,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C., May 30, 1975.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of April 24, 1975, for the views of the Office of Telecommunications Policy on H.R. 4564. This bill, proposed by the Department of Health, Education, and Welfare (HEW), would amend Part IV of Title III of the Communications Act of 1934 by extending the Educational Broadcast Facilities Program and by providing authority for the support of demonstrations in non-broadcast telecommunications technologies for the distribution of health, education, and social service information.

We have reviewed this proposed legislation, as well as the explanation of its purposes as set forth in Secretary Weinberger's letter of March 3, 1975, transmitting the bill to the Speaker of the House.

We concur in HEW's explanation of this proposal and recommend that the Committee act favorably on the bill. The Office of Management and Budget advises that it has no objection to the submission of this report for the consideration of the Committee and that enactment of the proposed legislation would be in accord with the program of the Administration.

Sincerely,

THOMAS J. KELLER,
Acting General Counsel.

Calendar No. 772

94TH CONGRESS }
2d Session }

SENATE

REPORT
No. 94-813

EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATION ACT OF 1976

MAY 11, 1976.—Ordered to be printed

Mr. PASTORE, from the Committee on Commerce,
submitted the following

REPORT

[To accompany H.R. 9630]

The Committee on Commerce, to which was referred the bill (H.R. 9630) to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

SUMMARY AND PURPOSE OF LEGISLATION

H.R. 9630, as reported by the Committee, has the following principal purposes:

(1) To extend and to perfect with certain amendments; the matching grant program for construction of noncommercial education radio and television broadcasting facilities (part IV of title III of the Communications Act of 1934, as amended, 47 U.S.C. 390-392; 393-395; 397-399);

(2) To authorize to be appropriated \$7,500,000 for the fiscal year transition period and \$30,000,000 for fiscal year 1977 for such facilities grant program;

(3) To establish a telecommunications demonstration program to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution, and delivery of health, education, and public or social service information (proposed new section 392A of part IV of title III of the Act); and

(4) To authorize to be appropriated \$1,000,000 for fiscal year 1976 and \$250,000 for the fiscal year transition period for such demonstration program.

BACKGROUND

Prior legislation

The Congress enacted the Educational Television Facilities Act of 1962¹ to assist in the development of noncommercial educational television broadcasting stations throughout the United States. Although the Federal Communications Commission in 1952 had set aside 242 television channel assignments for noncommercial educational use, and by 1961 had increased that number of reserved assignments to 268, only 54 educational stations had come on the air during that nine-year period. As the Committee stated in its report on the 1962 Act:

It is apparent from the data supplied to your Committee that the failure of the educators to utilize the unused educational reservations is not the lack of interest, desire, planning or zeal on their part. It is apparent that the largest problem facing the educators today in making use of television is the lack of funds to pay for the basic installation of the transmitting apparatus.²

To break this financial impasse, the Educational Television Facilities Act of 1962 provided for a program of matching grants to establish and expand noncommercial educational television broadcasting stations, and authorized a Federal commitment of \$32 million for the program over a five-year period. By 1967, the program had resulted in 113 new educational television stations either in operation or under construction.

The considerable success of the educational television facilities grant program demonstrated that there was significant and widespread public support for noncommercial educational broadcasting. Building upon this success, the Congress enacted the Public Broadcasting Act of 1967³ to foster the growth of noncommercial educational broadcasting as a source of high quality programming responsive to the educational needs and interests of our diverse population and supplementing the existing commercial broadcast system. The 1967 Act established the Corporation for Public Broadcasting to provide a nationwide framework for the development of a public broadcasting system, a system which would both emphasize the critical role of local stations in serving their particular communities and insulate programming and other decision-making from extraneous interference or control.

In the same 1967 Act, the Congress also recognized that the development of high quality programming was necessarily dependent upon public broadcasting's technical capability. The Act, therefore, continued the facilities grant program and extended the program to include noncommercial educational radio facilities.

Extending authorizations for both the Corporation for Public Broadcasting and the facilities grant program have represented a continuing Congressional commitment to assist the growth and development of public broadcasting throughout the United States.

¹ Public Law 87-447, 87th Cong., 2d Sess. (approved May 1, 1962).

² Report of the U.S. Senate Committee on Commerce to Accompany S. 205, p. 3, 87th Cong., 1st Sess., S. Rept. 67 (1961).

³ Public Law 90-129, 90th Cong., 1st Sess. (approved Nov. 7, 1967).

Administration and progress of the public broadcasting facilities grant program

Under the existing facilities grant program, the Secretary of the Department of Health, Education, and Welfare (HEW) awards grants to eligible applicants of up to 75 percent of the cost of acquiring and installing specified radio and television apparatus. Grant funds may not be used for purchase, construction, or repair of buildings, or acquisition of land. Not more than 8½ percent of the funds appropriated for the program in any fiscal year may be granted for projects in any one State.

Under the existing law, there are five classes of eligible program applicants: (1) State or local public school agencies; (2) State public broadcasting agencies and commissions; (3) tax-supported colleges and universities; (4) nonprofit foundations, corporations, or associations organized primarily to engage in public broadcasting; and (5) municipalities which operate public broadcasting stations.

In addition to matching at least 25 percent of individual project costs, applicants must provide assurances that (1) the equipment purchased will be operated for 10 years and will be used only for public broadcasting purposes (i.e., the applicant must have or be in the process of obtaining a license from the Federal Communications Commission (FCC) to engage in public broadcasting); (2) at least the first year's operating funds are on hand or are certified as available; and (3) all building and land costs will be paid from other than program grant funds.

The existing law provides that the Secretary of HEW is to determine which grant applications to approve and the amount of grants to be awarded based on criteria set forth in regulations and designed to achieve (1) prompt and effective use of all public television channels remaining available; (2) equitable geographical distribution of public television and radio facilities throughout the several States; and (3) provision of public television and radio facilities which will serve the greatest number of persons in as many areas as possible and be adaptable to the broadest educational uses.

There has been substantial progress in the construction and development of public broadcasting facilities since the grant program was established in 1962. A total of 556 grants have been awarded to date (404 for public television stations; 152 for public radio stations). This Federal assistance has helped activate approximately 60 percent of the existing public television stations and has played a major role in developing approximately 65 percent of the public radio stations on the air.

Since 1962, the number of public television stations has increased from 76 to 265, located in every State, except Montana and Wyoming, and also in the Virgin Islands, Puerto Rico, American Samoa and Guam. These stations, when fully activated, will be capable of providing service to approximately 80 percent of the national population.

As noted, public radio stations did not become eligible for facilities program grants until 1967. At that time, only 67 of the more than 400 noncommercial radio stations on the air were capable of fully serving the communities to which their frequencies were assigned. Today, there are 169 "full-service" public radio stations located in 39 States, Puerto Rico and the District of Columbia. The total 800 noncom-

mercial radio stations now on the air are capable of providing service to approximately 61 percent of the national population.

It is worth emphasizing that the total Federal investment in the facilities program to date—approximately \$106 million—has been less than 10 percent of the gross expenditure from public and private sources, and has stimulated an investment in excess of \$1 billion. School systems, universities, corporations, foundations, and other public and private organizations, as well as individual citizens, have thus provided the matching cooperation and contributions which have been essential for the creation and development of local public broadcasting stations across the nation. This extensive non-Federal support of public broadcasting may be the best indication of the worth and success of the facilities program.

NEED FOR LEGISLATION

EXTENSION AND AMENDMENT OF THE FACILITIES GRANT PROGRAM

Authorizations

Despite the considerable progress of the facilities program to date, there still exists a strong need for continued Federal support.

Although public radio now reaches about 61 percent of the total United States population, less than one-half of the American public can receive a good signal from the predominantly FM public radio stations. In this regard, 34 of the 100 largest population areas of the nation do not yet have full-service public radio stations. Similarly, while public television stations theoretically cover about 80 percent of the population, the stations presently are able to deliver a good signal to only about two-thirds of the nation's households. This difficulty results from the fact that over half (63 percent) of public television stations are assigned to the UHF band where there are often significant problems in transmission technology and home receiver reception. The ability of public radio and television to close these coverage and reception gaps is in part dependent upon continued Federal funding of the facilities program.

Public broadcasting's development of high quality programming is also contingent upon the local stations' technical capabilities. Improvements in local station production and recording equipment are essential for both expansion of local program origination and station freedom and flexibility in scheduling programs distributed over the national interconnection. These needs and goals cannot be met without continuing Federal support through the facilities grant program.

The following table sets forth the history of facilities program funding through fiscal year 1975:

Fiscal	Authorization	Appropriations
1963-67.....	\$32,000,000	\$32,000,000
1968.....	10,500,000	
1969.....	12,500,000	4,375,000
1970.....	15,000,000	5,083,000
1971.....	15,000,000	11,000,000
1972.....	15,000,000	13,000,000
1973.....	25,000,000	13,000,000
1974.....	25,000,000	15,675,000
1975.....	30,000,000	12,000,000
Total.....	180,000,000	106,133,000

¹ Aggregate.

In the Committee's judgment, these authorizations and appropriations have not fully met established program needs. For fiscal year 1975, \$30 million was authorized and \$12 million appropriated; however, after all funds appropriated for fiscal year 1975 were expended, there remained 100 project applications unacted upon which requested a total of \$31.1 million in matching Federal funds.

The authorizations contained in H.R. 9630 (\$7,500,000 for the fiscal year transition period and \$30,000,000 for fiscal year 1977) represent a reasonable and necessary level of funding to meet the immediate needs of the program. The Committee expects in the future to consider long-range facilities program funding legislation.

Grant Criteria

H.R. 9630 would amend the existing criteria for facilities grants contained in the subsection 392(d) of the Communications Act to establish separate criteria for grants for public radio and television station facilities. These separate criteria recognize and reflect the disparity in the development of the two services. As noted above, public television stations now cover about 80 percent of the population of the United States. By contrast, public radio, which was not included in the facilities program until 1967, presently covers only 61 percent of the population. While it is, therefore, appropriate to emphasize the upgrading and expansion of existing station service with respect to television facilities grants, radio facilities grants should continue to promote the extension of services through new public radio station activations. In this regard, the equitable geographic coverage of public radio throughout the United States requires that due consideration be accorded to qualified new radio station grant applicants which represent communities with no existing facilities.

While the Secretary of HEW will retain the flexibility to develop, through regulations, more specific program priorities, the Committee emphasizes that these separate criteria for radio and television are intended as the controlling guidelines for such development.

Inclusion of reception equipment

H.R. 9630 would amend section 397, paragraph (2), of the Act to define the term "construction", as used to identify projects for which facilities grants may be awarded, to include "reception" as well as "transmission" apparatus.

The Committee believes that the facilities program should continue to assist primarily in the development and expansion of station transmission capabilities. However, where program grants for particular reception equipment will assist public broadcasting in meeting a clear and demonstrated service need, the Secretary of HEW should have the discretion and flexibility to consider applications and make awards for that purpose.

In this regard, the provision would allow facilities program grants to be awarded for the purchase of radio subcarrier receivers. Radio subcarrier receivers are single channel receivers tuned to the sidebands of an FM radio station. Such sidebands are used by many public radio stations to distribute readings of print material to the blind. The use of these sidebands is strictly regulated by the Federal Communications Commission, and the necessary subcarrier receivers are only available

to medically certified recipients. Inclusion of this type of reception apparatus under the facilities program will help bring a vital service to the blind and other print-handicapped individuals.

Audio recording equipment

Section 399 of the Communications Act of 1934, as amended in 1973, imposes the following requirements on noncommercial educational licensees:

(b) (1) Except as provided in paragraph (2), each licensee which receives assistance under this part after the date of enactment of this subsection shall retain an audio recording of each of its broadcasts of any program in which any issue of public importance is discussed. Each such recording shall be retained for the sixty-day period beginning on the date on which the licensee broadcasts such program.

H.R. 9630 provides that from the amounts appropriated for the facilities program, the Secretary of HEW may make a grant to any noncommercial educational broadcast licensee who received assistance under the program of the full amount necessary to acquire the audio log recording equipment for compliance with this requirement. This provision is intended to assist those licensees, particularly in public radio, who are not now financially able, either through their own resources or through another matching facilities program grant, to acquire this necessary equipment. Stations applying for full Federal funding under this provision will need to submit evidence of their continued eligibility to receive funds under the facilities program and will be expected to use the equipment acquired with such full funding for the sole purpose of complying with the requirement of section 399(b)(1).

CREATION OF DEMONSTRATION PROGRAM

H.R. 9630 would establish a separate telecommunications demonstration program administered by HEW to promote the development of nonbroadcast telecommunications facilities for the transmission, distribution, and delivery of health, education, and public or social service information. Under this program, the Secretary of HEW would be authorized, upon application, to make grants and enter into contracts with public and private nonprofit agencies, organizations and institutions to carry out this purpose.⁴

This program is intended to stimulate, with a minimum Federal expenditure, rechanneling of existing local, private and individual resources toward efficient and effective service delivery. The program is not intended to fund large, new hardware systems, but rather to assist health, education, social or other public service communities to test practical applications of existing and potential telecommunications services. It is to be emphasized that the program will fund demonstrations, not operational services, leaving the establishment of any operational service to local user choice.

The demonstration program may assist in testing the service delivery capabilities of such diverse technologies as satellite, coaxial

⁴H.R. 9630 would establish the demonstration program under a separate new Section 392A of the Communications Act. The provisions of Section 392 of the Act pertaining to the facilities grant program will not be applicable to the demonstrations program.

cable, the instructional television fixed service, fiber optics and mini-translators. Possible program projects might involve such activities as open university programming, library sharing, specialized medical uses and the distribution of school audio visuals. These examples are not exhaustive, but rather illustrative of the program's potential range and scope.

The Committee believes that this new program will merit close review, and therefore, it recommends the one year plus transition period authorization contained in H.R. 9630 as an appropriate vehicle for initiating the program. The Committee would stress that the great promise of this program is dependent upon the recommended \$1,250,000 authorization. Any lower authorization would not allow the program to achieve its purposes.

CPB, HEW, FCC COORDINATION

Section 395 of the Act presently provides for "consultation and close cooperation" by the Secretary of HEW with the Federal Communications Commission in the administration of his functions which are of interest to or affect the functions of the Commission.

H.R. 9630 would amend this provision to require "close coordination" between the Secretary and the Commission so as to insure a close working relationship and advance coordination with respect to facilities and demonstration program matters of interest to or affecting the functions of the Commission.

H.R. 9630 would also provide in section 395 for "close coordination" between the Secretary and the Corporation for Public Broadcasting with respect to facilities and demonstration program matters of interest to or affecting the functions of the Corporation.

The Committee would emphasize that the success of the facilities and proposed demonstration programs depends on the commitment and interest of those who are charged with the programs' administration. The Committee believes that substantial progress has been made in providing public broadcasting with the technical capability to achieve its mandated purposes and goals. However, much remains to be accomplished, and the need for continued administrative commitment and interest is no less imperative. The Committee, in meeting its oversight responsibilities, intends to insure that this need is met.

HEARINGS

Hearings on H.R. 9630 were held before the Subcommittee on Communications on March 31, 1976.

Testifying at the hearings were representatives of the Department of Health, Education and Welfare, the President of the Corporation for Public Broadcasting, the Vice Chairman of Public Broadcasting Service, the President of the Association of Public Radio Stations, and Mr. Earl W. Haydt, Regional Manager of Pennsylvania Systems of the American Television and Communications Corporation.

The Committee also received written submissions from the Governor of the State of New Mexico, the Joint Council on Educational Telecommunications, and the Public Service Satellite Consortium.

The Committee has fully considered all views presented in recommending the legislation here reported.

COMMITTEE AMENDMENT

Existing law (Sec. 392(a)(1)(C) of the Act) states that eligible applicants under the Broadcast Facilities program may be "a college or university deriving its support in whole or in part from tax revenues."

Section 4(a) of H.R. 9630, as referred to the Committee, would have amended this provision to provide that college or university applicants be "a public or private nonprofit college or university."

The Committee has adopted an amendment proposed by Senator Griffin in order to broaden the eligibility of applicants under this provision. As so amended, section 4(a) of the bill would read as follows:

SEC. 4(a) Section 392(a)(1) of the Communications Act of 1934 is amended by striking out clause (C) and inserting in lieu thereof "(C) a public or private nonprofit college or university or *other educational or cultural institution which is affiliated with an eligible college or university,*" (language of Committee Amendment italicized).

The Committee is of the view that where nonprofit public or private educational or cultural institutions are contractually affiliated for educational purposes with eligible colleges or universities and are otherwise qualified to be licensees of noncommercial educational broadcasting stations, such institutions should be considered eligible for grants under the broadcast facilities program.

CONCLUSION

The noncommercial education broadcast facilities program has been essential for the development and maintenance of local public broadcasting stations across the nation. It has proven its great worth and effectiveness and deserves continued adequate support.

The creation of a demonstration program holds substantial promise for stimulating new and innovative telecommunications technologies to health, education, and public or social service delivery uses. The proposed Federal investment in this program is modest in relation to the potential public benefits.

It is the Committee's judgment that H.R. 9630 is an appropriate and desirable vehicle for accomplishing these objectives, and therefore, recommends enactment of this legislation as clearly in the public interest.

SECTION-BY-SECTION ANALYSIS

SHORT TITLE

This legislation may be cited as the "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976".

SECTION 2—PURPOSE

Subsection (a) amends the heading of part IV of title III of the Communications Act of 1934 to read as follows: ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FA-

CILITIES; TELECOMMUNICATIONS DEMONSTRATIONS; CORPORATION FOR PUBLIC BROADCASTING.

Subsection (b) amends the heading of subpart A of part IV of title III of the Act to read as follows: ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATIONS.

Subsection (c) amends section 390 of the Act to include demonstrations (through grants or contracts) of the use of telecommunications technologies for the distribution and dissemination of health, education, and other public or social service information.

SECTION 3—AUTHORIZATION OF APPROPRIATIONS

This section amends section 391 of the Act by authorizing an appropriation of \$7,500,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976, and an appropriation of \$30,000,000 for fiscal year 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period.

SECTION 4—CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

Subsection (a) amends section 392(a)(1) of the Act and provides that eligible facilities program applicants include a public or private nonprofit college or university or other educational or cultural institution which is affiliated with an eligible college or university.

Subsection (b) amends section 392(d) of the Act and states that— (1) the Secretary of Health, Education, and Welfare shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations designed to achieve (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broad educational uses; and (C) the extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States; and (2) the Secretary shall base his determination of whether to approve applications of radio grants under this section and the amount of such grants on criteria set forth in regulation and designed to achieve (A) the extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services of special interest, minority, and educational uses.

SECTION 5—COORDINATION

This section amends Section 395 of the Act and states that the FCC is authorized to provide such assistance in carrying out the provisions

of this subpart as may be requested by the Secretary; that the Secretary shall provide for close coordination with the FCC in the administration of his functions under this subpart which are of interest to or affect the functions of the Commission; and that the Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to or affect the functions of the Corporation.

SECTION 6—CONSTRUCTION

This section amends section 397(2) of the Act and states that the term "construction", as applied to educational television broadcasting facilities or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, video recording equipment, nonvideo recording equipment, radio subcarrier receivers, and satellite transceivers) necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but the term "construction" 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.

SECTION 7—AUDIO RECORDING EQUIPMENT

This section states that from amounts appropriated pursuant to section 391 of the Act, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessarily to acquire equipment to permit such licensee to comply with paragraph (1) of section 399(b) of the Act which requires that a licensee under this part retain an audio recording for 60 days of each of its broadcasts of any program in which an issue of public importance is discussed.

SECTION 8—TELECOMMUNICATIONS DEMONSTRATIONS

This section adds a new section 392A to the Act establishing a telecommunications demonstration program. Subsection (a) of new section 392A states that it is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations and institutions for the purpose of carrying out telecommunications demonstrations.

Subsection (b) states that the Secretary may approve an application submitted under subsection (a) if he determines—

- (1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or social service information.

Subsection (c) states that upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

Subsection (d) states that funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for, and incident to, the installation of such facilities or equipment.

Subsection (e) states that for purposes of this section, the term "non-broadcast telecommunications facilities" includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

Subsection (f) states that the funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

Subsection (g) states that the Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

Subsection (h) states that there are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period.

COST ESTIMATE

Pursuant to section 252 of the Legislative Reorganization Act of 1970, the Committee states that enactment of H.R. 9630 would authorize to be appropriated a total of \$38,750,000 (\$7,500,000 for the fiscal year transition period and \$30,000,000 for fiscal year 1977 for the educational broadcasting facilities program; \$1,000,000 for fiscal year

1976 and \$250,000 for the fiscal year transition period for the demonstration program).

The Committee knows of no cost estimate by any Federal agency with respect to this legislation which is at variance with its estimate.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the reported bill, as amended, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in Roman):

COMMUNICATIONS ACT OF 1934

TITLE III—PROVISIONS RELATING TO RADIO

PART IV—[GRANTS] ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS; CORPORATION FOR PUBLIC BROADCASTING

SUBPART A

[GRANTS FOR FACILITIES] Assistance for Noncommercial Educational Broadcasting Facilities and Telecommunication Demonstrations

DECLARATION OF PURPOSE

SEC. 390. [The purpose of this subpart is to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities.]

The purposes of this subpart are (1) to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities, and (2) to demonstrate (through grants or contracts) the use of telecommunication technologies for the distribution and dissemination of health, education, and other public or social service information.

AUTHORIZATION OF APPROPRIATIONS

SEC. 391. [There are authorized to be appropriated for the fiscal year ending June 30, 1974, and for the succeeding fiscal year such sums not to exceed \$25,000,000 for the fiscal year ending June 30, 1974, and \$30,000,000 for the succeeding fiscal year, as may be necessary to carry out the purposes of section 390. Sums appropriated under this section for any fiscal year shall remain available for payment of grants for projects for which applications approved under section 392, have been submitted under such section prior to the end of the succeeding fiscal year.]

There are authorized to be appropriated \$7,500,000 for the period July 1, 1976, through September 30, 1976, and \$30,000,000 for the fiscal

year ending September 30, 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities as provided in this subpart. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period.

GRANTS FOR CONSTRUCTION

SEC. 392. (a) For each project for the construction of noncommercial educational television or radio broadcasting facilities there shall be submitted to the Secretary an application for a grant containing such information with respect to such project as the Secretary may by regulation require, including the total cost of such project and the amount of the Federal grant requested for such project, and providing assurance satisfactory to the Secretary—

(1) that the applicant is (A) an agency or officer responsible for the supervision of public elementary or secondary education or public higher education within the State, or within a political subdivision thereof, (B) in the case of a project for television facilities, the State noncommercial educational television agency or, in the case of a project for radio facilities, the State educational radio agency, [(C) a college or university deriving its support in whole or in part from tax revenues,] (C) a public or private nonprofit college or university or other educational or cultural institution which is affiliated with an eligible college or university, (D) (i) in the case of a project for television facilities, a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage noncommercial educational television broadcasting and is eligible to receive a license from the Federal Communications Commission for a noncommercial educational television broadcasting station pursuant to the rules and regulations of the Commission in effect on April 12, 1962, or (ii) in the case of a project for radio facilities, a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage noncommercial educational radio broadcasting and is eligible to receive a license from the Federal Communications Commission; or meets the requirements of clause (i) and is also organized to engage in or encourage such radio broadcasting and is eligible for such a license for such a radio station, or (E) a municipality which owns and operates a broadcasting facility transmitting only noncommercial programs;

(2) that the operation of such educational broadcasting facilities will be under the control of the applicant or a person qualified under paragraph (1) to be such an applicant;

(3) that necessary funds to construct, operate, and maintain such educational broadcasting facilities will be available when needed;

(4) that such broadcasting facilities will be used only for educational purposes; and

(5) that, in the case of an application with respect to radio broadcasting facilities, there has been comprehensive planning for

educational broadcasting facilities and services in the area the applicant proposes to serve and the applicant has participated in such planning, and the applicant will make the most efficient use of the frequency assignment.

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

(c) (1) In order to assure proper coordination of construction of noncommercial educational television broadcasting facilities within each State which has established a State educational television agency, each applicant for a grant under this section for a project for construction of such facilities in such State, other than such agency, shall notify such agency of each application for such a grant which is submitted by it to the Secretary, and the Secretary shall advise such agency with respect to the disposition of each such application.

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

(d) (1) The Secretary shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve: (1) prompt and effective use of all noncommercial educational television channels remaining available, (2) equitable geographical distribution of educational television broadcasting facilities or noncommercial educational radio broadcasting facilities, as the case may be, throughout the States, and (3) provision of educational television broadcasting facilities or noncommercial educational radio broadcasting facilities; as the case may be, which will serve the greatest number of persons and serve them in as many areas as possible, and which are adaptable to the broadest educational uses: (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broaden educational uses; and (C) extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States.

(2) The Secretary shall base his determination of whether to approve applications for radio grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve: (A) extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses.

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

(f) If, within ten years after completion of any project for construction of educational television or radio broadcasting facilities with respect to which a grant has been made under this section—

(1) the applicant or other owner of such facilities ceases to be an agency, officer, institution, foundation, corporation, or association described in subsection (a) (1), or

(2) such facilities cease to be used for noncommercial educational television purposes or noncommercial educational radio purposes, as the case may be (unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation so to do), the United States shall be entitled to recover from the applicant or other owner of such facilities the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facilities are situated) of such facilities, as the amount of the Federal participation bore to the cost of construction of such facilities.

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and public or social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

(b) The Secretary may approve an application submitted under subsection (a) if he determines—

(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or public or social service information.

(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

(e) For purposes of this section, the term "nonbroadcast telecommunications facilities" includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

(h) There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period.

* * * * *

[PROVISION OF ASSISTANCE BY FEDERAL COMMUNICATIONS COMMISSION]

COORDINATION WITH THE COMMISSION AND THE CORPORATION

SEC. 395. The Federal Communications Commission is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for [consultation and close cooperation] close coordination with the Federal Communications Commission in the administration of his functions under this subpart which are of interest to or affect the functions of the Commission. The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to or affect the functions of the Corporation.

SUBPART C—GENERAL

DEFINITIONS

SEC. 397. For the purposes of this part—

(1) * * *

(2) The term "construction", as applied to educational television broadcasting facilities [.] or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, [and video-recording equipment]) video recording equipment, nonvideo recording equipment, radio subcarrier receivers, and satellite transceivers necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but such term 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.

* * * * *

EDITORIALIZING AND SUPPORT OF POLITICAL CANDIDATES PROHIBITED;
RECORDINGS OF CERTAIN PROGRAMS

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

(b) (1) Except as provided in paragraph (2), each licensee which receives assistance under this part after the date of the enactment of this subsection shall retain an audio recording of each of its broadcasts of any program in which any issue of public importance is discussed. Each such recording shall be retained for the sixty-day period beginning on the date on which the licensee broadcasts such program.

(2) The requirements of paragraph (1) shall not apply with respect to a licensee's broadcast of a program if an entity designated by the licensee retains an audio recording of each of the licensee's broadcasts of such a program for the period prescribed by paragraph (1).

(3) Each licensee and entity designated by a licensee under paragraph (2) which retains a recording under paragraph (1) or (2) shall, in the period during which such recording is required under such paragraph to be retained, make a copy of such recording available—

(A) to the Commission upon its request, and

(B) to any other person upon payment to the licensee or designated entity (as the case may be) of its reasonable cost of making such copy.

(4) The Commission shall by rule prescribe—

(A) the manner in which recordings required by this subsection shall be kept, and

(B) the conditions under which they shall be available to persons other than the Commission.

giving due regard to the goals of eliminating unnecessary expense and effort and minimizing administrative burdens.

(5) *From amounts appropriated pursuant to section 391 after the date of enactment of this paragraph, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of this subsection.*

AGENCY COMMENTS

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 1, 1976.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for a report on H.R. 9630, a bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes."

In summary, H.R. 9630 substantially embodies an Administration proposal for the extension of the Educational Broadcasting Facilities Program and for the creation of a new Telecommunications Demonstration authority. However, we object strongly to certain provisions in the bill as approved by the House of Representatives, particularly the proposed funding level, the modification of the criteria for funding of facilities applications, separation of the authorizations for the broadcast facilities program from that for the demonstration authority, and the limited duration of the authorization of appropriations, and would support the bill only with the changes described below.

The bill would assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities and promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution, and delivery of health, education, and public or social service information. It proposes a total of \$7,500,000 to support facilities grants for the period July 1, 1976, through September 30, 1976, and \$30,000,000 for the fiscal year ending September 30, 1977. In addition, the bill proposes \$1,000,000 for demonstration grants or contracts for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976, through September 30, 1976.

With regard to the funding level for facilities, we believe that the authorization of \$30,000,000 for one year greatly exceeds the highest priority needs of the program and is, therefore, fiscally unnecessary. We also believe that the \$7,000,000 annual authorization level recommended by the Administration is adequate to accomplish the goals expressed in our proposal and further articulated in the testimony of the Assistant Secretary for Planning and Evaluation, William A. Morrill, on June 13, 1975, before the House Subcommittee on Communications.

In H.R. 9630 the criteria upon which the Secretary shall base his determinations of whether to approve applications for grants have been separated for television and for radio and are given in a different order for the two. The bill may be read as implying that these criteria are fixed priorities which must be followed in funding applications under the facilities program. It should be made clear that any criteria contained in the statute are meant to serve as a framework around which the Secretary, through regulations, can develop specific priorities in which changing needs can be more readily reflected. Therefore, it is recommended that Section 4 be modified by substituting the language proposed in H.R. 4564. In any event, clause (C) of section 392(d)(2) should be eliminated, because providing cost effective first radio service to all people is more important than multiple radio service in major population centers.

A single authorization for both the Educational Broadcasting Facilities Program and the Telecommunications Demonstration authority, as opposed to the separate authorizations now in H.R. 9630, would allow the Department the flexibility necessary to respond quickly and effectively to changing conditions. While we have suggested approximate funding levels for these programs in the past, we believe that their needs will be better served by a single authorization.

Limiting the authorization for these programs to one year or less, as proposed in H.R. 9630, will unduly constrain our ability to make orderly and efficient plans for a nationwide public service telecommunications system. The limited period of authorization would also serve to discourage potential local and institutional partnerships in these long-range developments from investing their own resources in the face of what might appear to be a short-term Federal commitment. Further, cooperative efforts with NASA, other Federal agencies, and private organizations require long-term commitments to support the experimentation and evaluation associated with new telecommunications technology.

In addition, I am enclosing a list of specific recommendations which cover other provisions of concern to us, I hope you will find them useful in your consideration of the bill.

We therefore recommend that the bill be favorably considered if it is modified to meet the concerns described above.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

MARJORIE LYNNCH, *Under Secretary.*

Enclosure.

ADDITIONAL HEW COMMENTS ON H.R. 9630

In addition to the major concerns expressed in Secretary Mathews' letter, the Department of Health, Education, and Welfare has the following comments with regard to specific provisions in the measure.

1. The definition of "construction" in H.R. 9630 contains language that would open up an entirely new area of Federal support under the facilities program. The program has not in the past supported recep-

tion facilities other than those necessary to monitor signals being transmitted. If receivers do become eligible for Federal funding, as proposed in H.R. 9630, one result might be the ownership and distribution of receivers by noncommercial educational television or radio stations. This is not a proper function of such stations. Thus, it is recommended that on page 5 the words "and reception" be omitted from line 9 and the words "radio subcarrier receivers" be omitted from line 12. In addition, the inclusion of non-video recording equipment and satellite transceivers in lines 11 through 13 should be deleted, as they are covered under existing regulations for the facilities program.

2. Section 399(b) (5), which provides one hundred percent grants to television and radio stations for the purchase of log-recorders, should be deleted. Such equipment can now be purchased but, as is the case with all other equipment, must meet the minimum 25 percent matching requirement. Most television stations and many radio stations already have equipment necessary to comply with paragraph (1) of Section 399(b). To provide full funding to those stations not having equipment would discriminate against those which have either purchased it with local funds or through a matching facilities grant from the Federal Government.

OFFICE OF TELECOMMUNICATIONS POLICY,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C., March 15, 1976.

HON. WARREN G. MAGNUSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR MAGNUSON: You have requested the views of the Office of Telecommunications Policy on H.R. 9630, a bill to extend the DHEW Educational Broadcast Facilities Program and to provide authority for DHEW support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information.

This bill, inter alia, would authorize the appropriation of \$37.5 million for the period July 1, 1976, through the fiscal year ending September 30, 1977, to assist in the construction of noncommercial educational television or radio broadcasting facilities. A separate appropriation of \$1,250,000 would be authorized for demonstration grants or contracts to promote the development of nonbroadcast telecommunications facilities and services through September 30, 1976.

We note that the authorization for the facilities program is significantly in excess of that contained in the Administration's legislative proposal, H.R. 4564. (\$7 million per year for five years for both programs.) Moreover, H.R. 9630 would provide separate appropriation authorizations for the construction of broadcast facilities and for nonbroadcast facilities demonstrations. We strongly support a single appropriation authorization as contained in H.R. 4564.

The original purpose of the facilities program was to assist in the construction of noncommercial educational broadcast stations in order to expand the availability of educational broadcast services.

The present coverage of educational broadcast service already reaches approximately 80 percent of the population. Accordingly, we believe that continued Federal subsidy at the levels contemplated by

H.R. 9630 is excessive and unwarranted. The marginal costs of reaching the remaining 20 percent of the population by conventional broadcast technology exceeds the benefits to be gained.

The Administration's budget recommendations represent a fair and proper evaluation of the needs of the facilities program given the present coverage of the educational broadcast system and the potential availability of new, more effective means of program distribution. We therefore oppose enactment of H.R. 9630 unless modified to address the concerns discussed above.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program, and that enactment of H.R. 4564 would be in accord with the President's program.

Sincerely,

JOHN EGER,
Acting Director.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., March 30, 1976.

HON. JOHN O. PASTORE,
Chairman, Subcommittee on Communications, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the Commission's views on S. 1257 and H.R. 9630, bills concerning educational broadcasting facilities and a telecommunications demonstration program. We appreciate the opportunity to comment on these bills.

S. 1257 and H.R. 9630 would amend the Communications Act of 1934 to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information. The Commission generally supports both these goals. We do, however, have two major reservations concerning the bills.

First, in 1964, the FCC authorized a frequency band for a low-powered television microwave service called the Instructional Television Fixed Service (ITFS). ITFS now provides a locally controlled, simultaneous, four-channel instructional television system at costs far below those required for educational television broadcasting stations. At this time, there are approximately 195 ITFS systems with about 550 channels on the air—even though there has been no federal funding for this service.

Our initial analysis of S. 1257 and H.R. 9630 had given us some concern that the Instructional Television Fixed Service might not qualify for grants since it was not specifically referred to in the bills. The Commission, therefore, was pleased to note that Mr. William A. Morrill, Assistant Secretary for Planning and Evaluation, Department of Health, Education and Welfare, in his statement to the House Subcommittee on a similar bill, H.R. 4564, expressly pointed out that HEW expects to fund demonstrations of telecommunications systems such as ITFS. We believe, nevertheless, that it is appropriate that ITFS be specifically named in § 5 (§ 392A(e)) of S. 1257 and § 8

(§ 392A(e)) of H.R. 9630, or, at least, that the legislative history make clear that ITFS is intended to be included.

The Commission's second reservation is more general. It is obvious that some of the projects which would be proposed for funding under the bills would require FCC licensing and approval. We believe, therefore, that it is appropriate for the Commission to be consulted before any decision is made on funding projects under the bills. To achieve this, close coordination should be required between the FCC and HEW, and the FCC should be given some formal participation in the selection and evaluation of projects.

Section 395 of the Communications Act currently requires "consultation and close cooperation" on the part of HEW with the FCC. H.R. 9630 would change this requirement to "close coordination" (§ 5). While we understand this change was intended to strengthen HEW's coordination requirements with the FCC in this area, some explicit recognition of this in the Committee report seems desirable to emphasize that whatever language is used requires a close working relationship and advance coordination with FCC with respect to matters of interest to or affecting the functions of the Commission. The Commission should be given some formal participation in the selection and evaluation of these demonstrations.

H.R. 9630, furthermore, refers in the proposed § 392(d)(2)(c) regarding radio grants to "multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses." This language apparently means, essentially, 10 watt stations. The Commission wishes to call attention to the fact that it has issued proposed rulemaking which deals with noncommercial FM broadcasting including 10 watt stations. It is possible that the findings of the FCC may influence the purpose of § 392(d)(2)(c) and the development of multiple radio stations in population centers.

Finally, consideration might be given to adding non-affiliated individuals and profit making organizations to those eligible for grants or contracts under the proposed § 392A(a) which would be added to the Communications Act by both bills. These entities might well have the necessary expertise and initiative to develop proposals which HEW may wish to support in accomplishment of its goal of demonstrating the use of telecommunications technologies for the distribution of social service information.

Sincerely yours,

RICHARD E. WILEY, *Chairman.*

94TH CONGRESS
1ST SESSION

H. R. 9630

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 1975

Mr. MACDONALD of Massachusetts (for himself, Mr. FREY, Mr. MURPHY of New York, Mr. CARNEY, Mr. BYRON, Mr. WIRTH, Mr. BRODHEAD, and Mr. MADIGAN) introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

A BILL

To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Educational Broadcast-
4 ing Facilities and Telecommunications Demonstration Act of
5 1975".

PURPOSE

7 SEC. 2. (a) Part IV of title III of the Communications
8 Act of 1934 is amended by striking out the heading of such

1 part and inserting in lieu thereof "ASSISTANCE FOR NON-
2 COMMERCIAL EDUCATIONAL BROADCASTING FACILITIES;
3 TELECOMMUNICATIONS DEMONSTRATIONS; CORPORATION
4 FOR PUBLIC BROADCASTING".

5 (b) Subpart A of such part is amended by striking out
6 the heading of such subpart and inserting in lieu thereof
7 "ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROAD-
8 CASTING FACILITIES AND TELECOMMUNICATIONS DEMON-
9 STRATIONS".

10 (c) Section 390 of such Act is amended to read as
11 follows:

12 "DECLARATION OF PURPOSE

13 "SEC. 390. The purposes of this subpart are (1) to
14 assist (through matching grants) in the construction of non-
15 commercial educational television or radio broadcasting fa-
16 cilities, and (2) to demonstrate (through grants or con-
17 tracts) the use of telecommunications technologies for the
18 distribution and dissemination of health, education, and other
19 social service information."

20 AUTHORIZATION OF APPROPRIATIONS

21 SEC. 3. Section 391 of the Communications Act of 1934
22 is amended to read as follows:

23 "SEC. 391. There are authorized to be appropriated
24 \$7,500,00 for the period July 1, 1976, through September

1 30, 1976, and \$30,000,000 for the fiscal year ending Sep-
2 tember 30, 1977, to assist (through matching grants) in
3 the construction of noncommercial educational television
4 or radio broadcasting facilities as provided in this subpart.
5 Sums appropriated under this section for any fiscal year or
6 period shall remain available for payment of grants for proj-
7 ects for which applications approved under section 392 have
8 been submitted under such section within one year after
9 the last day of such fiscal year or period."

10 CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

11 SEC. 4. (a) Section 392 (a) (1) of the Communications
12 Act of 1934 is amended by striking out clause (C) and
13 inserting in lieu thereof "(C) a public or private nonprofit
14 college or university,".

15 (b) Section 392 (d) of such Act is amended to read
16 as follows:

17 "(d) (1) The Secretary shall base his determinations
18 of whether to approve applications for television grants
19 under this section and the amount of such grants on criteria
20 set forth in regulations and designed to achieve (A) a
21 strengthening of the capability of existing noncommercial
22 educational television stations to provide local services; (B)
23 the adaptation of existing noncommercial educational tele-
24 vision facilities to broaden educational uses; and (C) ex-

1 tension of noncommercial educational television services,
2 with due consideration to equitable geographic coverage
3 throughout the United States.

4 “(2) The Secretary shall base his determination of
5 whether to approve applications for radio grants under this
6 section and the amount of such grants on criteria set forth in
7 regulations and designed to achieve (A) extension of non-
8 commercial educational radio services with due consideration
9 to equitable geographic coverage throughout the United
10 States; (B) a strengthening of the capability of existing
11 noncommercial educational radio stations to provide local
12 service; and (C) the provision of multiple radio stations in
13 major population centers to broaden services for special
14 interest, minority, and educational uses.”

15 COORDINATION

16 SEC. 5. Section 395 of the Communications Act of 1934
17 is amended to read as follows:

18 “COORDINATION WITH THE COMMISSION AND THE

19 CORPORATION

20 “SEC. 395. The Federal Communications Commission
21 is authorized to provide such assistance in carrying out the
22 provisions of this subpart as may be requested by the Secre-
23 tary. The Secretary shall provide for close coordination with
24 the Federal Communications Commission in the administra-

1 tion of his functions under this subpart which are of interest
2 to or affect the functions of the Commission. The Secretary
3 shall provide for close coordination with the Corporation
4 for Public Broadcasting in the administration of his functions
5 under this subpart which are of interest to or affect the func-
6 tions of the Corporation.”

7 CONSTRUCTION

8 SEC. 6. Section 397 (2) of the Communications Act of
9 1934 is amended to read as follows:

10 “(2) The term ‘construction’, as applied to educational
11 television broadcasting facilities or educational radio broad-
12 casting facilities, means the acquisition and installation of
13 transmission and reception apparatus (including towers,
14 microwave equipment, boosters, translators, repeaters,
15 mobile equipment, video recording equipment, nonvideo
16 recording equipment, radio subcarrier receivers, and satellite
17 transceivers) necessary for television broadcasting or radio
18 broadcasting, as the case may be, including apparatus which
19 may incidentally be used for transmitting closed circuit
20 television or radio programs, but such term does not include
21 the construction or repair of structures to house such appa-
22 ratus. In the case of apparatus, the acquisition and installation
23 of which is so included, such term also includes planning
24 therefor.”

1 AUDIO RECORDING EQUIPMENT
 2 SEC. 7. Section 399 (b) of the Communications Act of
 3 1934 is amended by adding at the end thereof the following
 4 new paragraph:

5 " (5) From amounts appropriated pursuant to section
 6 391 after the date of enactment of this paragraph, the Sec-
 7 retary may make a grant to any licensee of a noncomm-
 8 ercial educational broadcast station who received assistance
 9 under this part of the full amount necessary to acquire equip-
 10 ment to permit such licensee to comply with paragraph (1)
 11 of this subsection."

12 TELECOMMUNICATIONS DEMONSTRATIONS

13 SEC. 8. The Communications Act of 1934 is amended
 14 by adding after section 392 the following new section:

15 "TELECOMMUNICATIONS DEMONSTRATIONS

16 "SEC. 392A. (a) It is the purpose of this section to pro-
 17 mote the development of nonbroadcast telecommunications
 18 facilities and services for the transmission, distribution and
 19 delivery of health, education, and social service information.
 20 The Secretary is authorized, upon receipt of an application
 21 in such form and containing such information as he may by
 22 regulation require, to make grants to, and enter into contracts
 23 with public and private nonprofit agencies, organizations,
 24 and institutions for the purpose of carrying out telecommuni-
 25 cations demonstrations.

1 "(b) The Secretary may approve an application sub-
 2 mitted under subsection (a) if he determines:
 3 "(1) that the project for which application is made
 4 will demonstrate innovative methods or techniques of
 5 utilizing nonbroadcast telecommunications equipment or
 6 facilities to satisfy the purpose of this section;

7 "(2) that demonstrations and related activities as-
 8 sisted under this section will remain under the admini-
 9 stration and control of the applicant;

10 "(3) that the applicant has the managerial and
 11 technical capability to carry out the project for which
 12 the application is made; and

13 "(4) that the facilities and equipment acquired or
 14 developed pursuant to the application will be used sub-
 15 stantially for the transmission, distribution, and deliv-
 16 ery of health, education, or social service information.

17 "(c) Upon approving any application under this sec-
 18 tion with respect to any project, the Secretary shall make
 19 a grant to or enter into a contract with the applicant in an
 20 amount determined by the Secretary not to exceed the
 21 reasonable and necessary cost of such project. The Secretary
 22 shall pay such amount from the sum available therefor, in
 23 advance or by way of reimbursement, and in such install-
 24 ments consistent with established practice, as he may
 25 determine.

1 ~~100~~ (d) Funds made available pursuant to this section
 2 shall not be available for the construction, remodeling, or
 3 ~~30~~ repair of structures to house the facilities or equipment ac-
 4 quired or developed with such funds, except that such funds
 5 may be used for minor remodeling which is necessary for
 6 and incident to the installation of such facilities or equip-
 7 ~~70~~ ment.

8 ~~80~~ (e) For purposes of this section, the term 'nonbroad-
 9 cast telecommunications facilities' includes, but is not limited
 10 to, cable television systems, communications satellite systems
 11 and related terminal equipment, and other methods of trans-
 12 mitting, emitting, or receiving images and sounds or intel-
 13 ligence by means of wire, radio, optical, electromagnetic or
 14 other means.

15 ~~150~~ (f) The funding of any demonstration pursuant to this
 16 section shall continue for not more than three years from the
 17 date of the original grant or contract.

18 ~~180~~ (g) The Secretary shall require that the recipient of
 19 a grant or contract under this section submit a summary and
 20 evaluation of the results of the demonstration at least an-
 21 nually for each year in which funds are received pursuant to
 22 this section.

23 ~~230~~ (h) There are authorized to be appropriated \$1,000,-
 24 000 for the fiscal year ending June 30, 1976, and \$250,000
 25 for the period July 1, 1976 through September 30, 1976, to

1 carry out the provisions of this section. Sums appropriated
 2 under this subsection for any fiscal year or period shall remain
 3 available for payment of grants or contracts for projects for
 4 which applications approved under this section have been
 5 submitted within one year after the last day of such fiscal
 6 year or period."

94TH CONGRESS
1ST SESSION

H. R. 9630

A BILL

To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes.

By Mr. MACDONALD of Massachusetts, Mr. FREY,
Mr. MURPHY of New York, Mr. CARNEY, Mr.
BYRON, Mr. WIRTH, Mr. BRODHEAD, and Mr.
MADIGAN

SEPTEMBER 17, 1975

Referred to the Committee on Interstate and Foreign
Commerce

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, 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 "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976".

PURPOSE

SEC. 2. (a) Part IV of title III of the Communications Act of 1934 is amended by striking out the heading of such part and inserting in lieu thereof "ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS; CORPORATION FOR PUBLIC BROADCASTING".

(b) Subpart A of such part is amended by striking out the heading of such subpart and inserting in lieu thereof "ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATIONS".

(c) Section 390 of such Act is amended to read as follows:

"DECLARATION OF PURPOSE

"SEC. 390. The purposes of this subpart are (1) to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities, and (2) to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other public or social service information."

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. Section 391 of the Communications Act of 1934 is amended to read as follows:

"SEC. 391. There are authorized to be appropriated \$7,500,000 for the period July 1, 1976, through September 30, 1976, and \$30,000,000 for the fiscal year ending September 30, 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities as provided in this subpart. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period."

CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

SEC. 4. (a) Section 392(a)(1) of the Communications Act of 1934 is amended by striking out clause (C) and inserting in lieu thereof "(C) a public or private nonprofit college or university or other educational

or cultural institution which is affiliated with an eligible college or university.”

(b) Section 392(d) of such Act is amended to read as follows:

“(d) (1) The Secretary shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broaden educational uses; and (C) extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States.

“(2) The Secretary shall base his determination of whether to approve applications for radio grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses.”

COORDINATION

SEC. 5. Section 395 of the Communications Act of 1934 is amended to read as follows:

“COORDINATION WITH THE COMMISSION AND THE CORPORATION

“SEC. 395. The Federal Communications Commission is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for close coordination with the Federal Communications Commission in the administration of his functions under this subpart which are of interest to or affect the functions of the Commission. The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to or affect the functions of the Corporation.”

CONSTRUCTION

SEC. 6. Section 397(2) of the Communications Act of 1934 is amended to read as follows:

“(2) The term ‘construction’, as applied to educational television broadcasting facilities or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, video recording equipment, non-video recording equipment, radio subcarrier receivers, and satellite transceivers) necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but such term 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.”

H. R. 9630—3

AUDIO RECORDING EQUIPMENT

SEC. 7. Section 399(b) of the Communications Act of 1934 is amended by adding at the end thereof the following new paragraph:

“(5) From amounts appropriated pursuant to section 391 after the date of enactment of this paragraph, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of this subsection.”.

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 8. The Communications Act of 1934 is amended by adding after section 392 the following new section:

“TELECOMMUNICATIONS DEMONSTRATIONS

“SEC. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and public or social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

“(b) The Secretary may approve an application submitted under subsection (a) if he determines—

“(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

“(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

“(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

“(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or public or social service information.

“(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

“(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

H. R. 9630—4

“(e) For purposes of this section, the term ‘nonbroadcast telecommunications facilities’ includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

“(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

“(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

“(h) There are authorized to be appropriated \$1,000,000 for the fiscal year ending September 30, 1977, and \$250,000 for the period July 1, 1976, through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period.”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

May 27, 1976

Dear Mr. Director:

The following bill was received at the White House on May 27th:

H.R. 9630

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C.