

**CORPORATION FOR PUBLIC BROADCASTING
OVERSIGHT AND A LOOK INTO PUBLIC BROADCASTING
IN THE DIGITAL ERA**

HEARING

BEFORE THE

SUBCOMMITTEE ON TELECOMMUNICATIONS AND
THE INTERNET

OF THE

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COMMERCE

HOUSE OF REPRESENTATIVES

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(III)

**CORPORATION FOR PUBLIC BROADCASTING
OVERSIGHT AND A LOOK INTO PUBLIC
BROADCASTING IN THE DIGITAL ERA**

WEDNESDAY, JULY 10, 2002

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
SUBCOMMITTEE ON TELECOMMUNICATIONS
AND THE INTERNET,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2123, Rayburn House Office Building, Hon. Fred Upton (chairman) presiding.

Members present: Representatives Upton, Barton, Stearns, Gillmor, Cubin, Shimkus, Pickering, Fossella, Blunt, Davis, Bass, Terry, Tauzin (ex officio), Markey, Rush, Eshoo, Engel, Green, McCarthy, Luther, Stupak, Harman, Brown, and Sawyer.

Also present: Representative Burr.

Staff present: Linda Bloss-Baum, majority counsel; Will Nordwind, policy coordinator; Hollyn Kidd, legislative clerk; Jon Tripp, press; Andy Levin, minority counsel; Brendan Kelsay, minority professional staff; and Courtney Anderson, research assistant.

Mr. UPTON. Good morning. I note that there are a number of other subcommittees meeting this morning and we are in session on the floor, but we don't expect votes for a little while.

Today's hearing is entitled, "Corporation for Public Broadcasting Oversight and a Look into Public Broadcasting in the Digital Era." I wanted to do this hearing because of as the stewards of the taxpayers' dollars, Congress has an important responsibility to critically examine and review every program that it funds. It is the people's hard-earned money, not the government's.

Today we are looking at the Corporation for Public Broadcasting, CPB, which receives about 12 percent of its funding from the Federal Government. The rest of its budget comes from contributions made to it from other sources. In turn, both the Public Broadcasting System, PBS, and National Public Radio, NPR, receive its public funding from CPB.

Among other things, there are a number of issues relating to public television which we will focus on today. I would note that every public TV station is required to convert from analog to digital by May of 2003. Today we will hear how progress toward that conversion is going around the country.

We will also hear about progress being made in regard to the carriage of public broadcasters' digital signals by our Nation's cable companies. In addition, we will hear about the impact of the FCC's decision last October to permit public TV stations to use its ancillary and supplemental digital spectrum for commercial purposes, like paging services, data transmissions, subscription video. The FCC believes that permitting such uses would enhance the public TV broadcasters' private fund-raising potential, but a number of committee members have expressed concerns that the FCC's decision will increase the commercialization of public broadcasting, to the detriment of its principal mission.

We are also looking forward to hearing from the Association of Public TV Stations about its proposed Homeland Security Initiative, which would utilize some of the public TV stations' spectrum to datacast emergency broadcast information to the personal computers of first-responders. Such a system would appear to provide an additional layer of redundancy in our Nation's emergency communication systems. In the wake of September 11, the need for such redundancy has become all the more evident.

Now also a word about public radio: It has been no secret that for years NPR has been dogged by allegations of a liberal bias. The national media in general has been dogged by similar allegations. When you come from a part of the country known for its Midwest common-sense conservative values, these allegations do not go without notice.

However, the big difference between NPR and the national media in general is that NPR receives taxpayer funding while the national media does not. As such, NPR does have a distinct responsibility to provide objective and balanced reporting.

Today we will hear from the Traditional Values Coalition, TVC, about a recent incident which it feels clearly demonstrates the liberal bias at NPR. I have to say that, as I reviewed the facts, TVC does have a legitimate complaint about the egregious treatment it received at the hands of the NPR reporter at issue in the case.

I am not going to belabor the details, but suffice it to say that I do want to hear NPR's response. The bottom line is that we cannot tolerate any biased reporting from taxpayer-supported public broadcasting, and I want to know what assurances NPR and CPB can provide that their reporting is, and will continue to be, objective. I look forward to hearing from today's witnesses.

I also want to say that, as we look down the road, I do want to see us come with a reauthorization of CPB. It has not been done since 1992, and I would hope that today's hearing sets the stage for that work to be done in the not-to-distant future.

With that, I yield to my friend, the ranking minority leader of the subcommittee, Mr. Markey from Massachusetts.

Mr. MARKEY. I thank the gentleman very much, and I want to commend you for holding this hearing this morning on the Public Broadcasting System.

Public television and radio are the crown jewels of broadcast medium, and I am pleased that we have an opportunity today to explore ways in which we can make the system stronger and prepare to meet the needs of its communities in the digital era.

I believe that it is vital to express our firm commitment to providing an electronic oasis for learning and information and what has been called the vast wasteland of commercial television. Frankly, if public television and public radio did not exist today, we would probably be up here calling for its creation. Free, over-the-air, non-commercial television and radio are indispensable media outlets in our communities today for millions of Americans, and especially millions of children and their parents.

Now, without question, there is a bias in the coverage that is on public television and radio, and I think we all know that exists. It is far too conservative in its views of the issues.

I get tired of seeing Paul Gigot. I get tired of seeing George Will on baseball and that classic Republican, Oscar the Grouch, on "Sesame Street." okay?

You just can't turn the dial without running into one of these Republican-oriented, conservative commentators on public television, and "Wall Street Week" is getting even more conservative and defensive about capitalism, as I watch it week after week.

Mr. UPTON. I will have Larry Kudlow talk to you.

Mr. MARKEY. Right, Larry Kudlow, all of them. My God, it is just that it is just a sea of conservatism, as I watch it. But I guess that is just my perspective, as I hear the words that are spoken by these people on public television.

We must remember that telecommunications technology can only empower and educate those who can obtain it or those who can afford to get it. Not every American family can afford cable or satellite TV. At a cost of just over \$1 per year per person, it is clear that what parents and kids get from free, over-the-air public TV and public radio is an incredible bargain. I contrast that with whatever my cable system makes me pay for HGTV, whatever it is, each week and day and month of the year, but I know that it is nowhere comparable as a television bargain than public television.

One of the ways in which I believe we can further reinforce our commitment to public broadcasting is to take action to assist public television and radio stations in making the transition to digital technology. Digital content and digital transmission of information is obviously the future, and it is important that the Public Broadcasting System be digitally conversant.

I have introduced legislation, H.R. 4641, that would, among a number of things, establish a Digital Dividends Trust Fund derived from spectrum auction revenues. The trust fund would earn interest and, from such earned interest, grants would be made for public interest telecommunications projects such as teacher training, digitizing content in our Library of Congress and national museums, and other initiatives. A portion of the money is also earmarked to supplement annual appropriations made to public broadcasting for the conversion of public TV and radio to digital technology.

In addition, the legislation would further give the public greater access to its own airwaves by requiring NCIA and the FCC to work together to help to expand the notion of creating a spectrum commons. The legislation asks for chunks of spectrum to be freed up and clear, but not auctioned to the private sector. Instead, such fre-

quencies would remain unlicensed and, therefore, available for use by the general public.

High-tech. manufacturers, entrepreneurs, and the proverbial kid in the garage could make more robust use of wireless communications if sufficient spectrum were available in unlicensed form for the general public. Such as public setaside could foster the formation of an open platform for innovation, entrepreneurial activity, and public communications. It would also militate against unhealthy consolidation of spectrum in the hands of too few providers.

Both of these actions, in my view, would help to reorient spectrum policy so that it better serves the needs of the public. Reinvesting certain spectrum option proceeds back into free-to-the-public digital telecommunications infrastructure should be part of our commitment for our future generations.

Public broadcasting, as it has been throughout its history, should be poised to maximize the benefits of technology for the communities it serves, and I will continue to advocate for strong congressional support for its operations.

Mr. Chairman, I want to thank you for having this hearing on a wonderful, invaluable public medium, and I yield back the balance of my time.

Mr. UPTON. Thank you very much. I would recognize the chairman of the full committee, Mr. Tauzin.

Chairman TAUZIN. Thank you, Mr. Chairman. I want to thank you for this long-overdue hearing and for your commitment to begin work on a reauthorization of public broadcasting in America at this committee and before your subcommittee, hopefully as soon as early next year.

As you know, when I chaired this Subcommittee on Telecommunications, we were preparing to do just that, only to be met with this scandal of certain public television stations sharing their members list with Democratic political organizations, and the firestorm that erupted then prevented us from moving forward at that time with a fair and objective deliberation on the question of reauthorization. I hope we have a period of time soon when we can do that, and I encourage you to continue in your determination to bring reauthorization to the full committee.

Let me say from the start that there are many of us on this panel and in Congress who are conflicted about public broadcasting. On the one hand, we love it for the same reasons expressed by my friend from Massachusetts, because we know it does a great job in education. We know it does a great job in presenting many features of broadcasting that are not commercially viable and, nevertheless, very valuable to many segments of the American community, and those features are presented on both radio and on television. We appreciate that, and we have long been supporters of public broadcasting for that purpose.

But we are conflicted. It is one thing for my friend from Massachusetts to make fun of the complaints that Americans have about bias in publicly funds arts and public broadcasting, but I would recommend, and to my friends at the witness table, to reading of Mr. Goldberg's book entitled, "Bias." See, in his book he explains it to us. He explains why public broadcasting perhaps doesn't under-

stand the complaints of some Americans regarding the feeling that there is not necessarily objective coverage all the time in publicly sponsored with taxpayer dollars arts and public broadcasting.

Perhaps some of you don't understand why Americans got upset when public dollars sponsored an art showing that depicted someone urinating on a picture of Jesus Christ, but Americans understand why they were upset about that.

Perhaps some of you don't understand why Americans were upset when, on a morning news show on NPR titled, "Morning Edition," hosted by Bob Edwards, the statement was made regarding the anthrax attack on people in this community, that the Traditional Values Coalition fitted the profile that the FBI was looking for in terms of a perp., and the investigators were thinking along those lines because the Traditional Values Coalition had the audacity to object to the fact that Senator Daschle and Patrick Leahy in the Senate might be interested in removing the phrase "so help me God" from the public oath. So, therefore, they must have been the murderers. That was literally the report on NPR, and NPR has not yet apologized to the Traditional Values Coalition for that kind of slander.

And perhaps public broadcasting doesn't understand why Americans who are associated with the Traditional Values Coalition and strongly with their Christian faith would be offended to note that public broadcasting wouldn't even apologize to them for suggesting that they fit the profile of the perp. in this case. That is what "The Village Voice" called them, the "perps," following up on the NPR report.

See, in Goldberg's book he explains it to us quite well. He cites a press woman in New York City who, following the Nixon-McGovern race, threw her hands up in frustration and said, "I don't understand it. How could Nixon possibly have been elected in America? I don't know a single person, of all my friends, I know no one who voted for Richard Nixon." Richard Nixon carried 49 states against Mr. McGovern. He carried New York.

Now I know my friend from Massachusetts might say he never met a person who voted for Mr. Nixon because I think Massachusetts was the only State that voted for Mr. McGovern.

Mr. MARKEY. I was swept in on the McGovern landslide in Massachusetts.

Chairman TAUZIN. You were swept in?

Mr. MARKEY. Yes.

Chairman TAUZIN. And perhaps you have never met anyone who voted for Mr. Nixon, but it is amazing that someone in a State that Mr. Nixon carried never met anyone who voted for Mr. Nixon. But Mr. Goldberg pointed out, you see, that is the problem. The problem is that when people live in such a tight circle of liberal friends that they don't know anybody who voted for Mr. Nixon, and in an election where he carried 49 states.

But anybody who lives outside that circle is considered right wing, is considered abnormal, out of step with the rest of Americans. Anybody living in that little circle believes they are normal, that they are literally living in the center and everybody on the outside is strange and extreme.

It is an interesting read. Read it. Mr. Goldberg, a liberal reporter, ends up saying: We are bias because we don't understand that we don't represent the middle of America; we really represent something left of the middle. We just don't understand that people who live outside our circle might really be living in the middle. It is a pretty interesting observation.

So when you hear complaints from Americans about public dollars being spent in ways that offend them, take it seriously. Understand that when we spend public dollars on public broadcasting, as we spend it on the National Endowment for the Arts, that Americans are sensitive that their public dollars are being spent in a way that they feel, they believe, doesn't respect their traditional values, and are not objective and fair. And don't make fun of them because they happen to believe very strongly in their faith, and don't make fun of the things they believe in, as some are prone to do.

We are conflicted, too, because we only put 12 percent in public broadcasting, and we ask public broadcasters to raise the rest of the money, but we tell them: Don't become commercialized. That is a heck of a challenge.

Mr. Markey and I signed letters asking the FCC to be careful not to force more commercialization in public broadcasting because, if that happens, then why public broadcasting? If you are really going to become commercial stations and commercial broadcasters, why on earth do we put any money into you? Why don't we just send you out there to compete with other private broadcasters and sell your commercials and your attributions, or whatever you want to call them.

But if we don't want you to become commercial broadcasters, then maybe we need to be talking about trust funds and maybe we need to be talking about some source of funding other than commercialized funding base. Mr. Markey, we have had some good conversations about your ideas and other ideas we had.

But I want to, in this brief time I have, and I think my time has expired now—I apologize, Mr. Chairman—I just want to sensitize all of you at the table to the fact that we are very conflicted over here. We love a lot of the work you do. We support you as much as we can, but it is hard sometimes to support public broadcasting when some public broadcasters behave the way NPR behaved with the Traditional Values Coalition, and it is hard to support public funding of things that I love, such as the arts in America, when people sponsor things that offend so deeply people's religious beliefs in this country.

Thank you, Mr. Chairman.

Mr. UPTON. Thank you, Mr. Chairman. Mr. Sawyer?

Mr. SAWYER. Thank you, Mr. Chairman. The topic that brings us here today is really the promise that the conversion to a digital arena holds for public broadcasting and the kind of good work that it can do.

We have been united in our commitment to that conversion and to ensuring that those deadlines are met. Regardless of misgivings that members of this committee may feel, that commitment has been bipartisan and across the board, and I think it has been important.

Digital broadcasting will allow televisions to partner in extraordinary and innovative ways with universities to offer continuing education and job training programs, will help local schools to receive educational content, and perhaps most important, at least for the near-term, the ability to establish and unite the Nation in a National Homeland Security Public Safety Network. All of these are, I hope, beyond conflict. I hope they are beyond ambivalence, because they are important to the country.

But there are several issues that need to be resolved. Certainly first among those is the financial obligation entailed in that conversion, by some responsible estimates as much as \$1.7 billion. Many stations, including my own local WNEO, WEAO, have done an admirable job of raising local funds to pay for the cost of transition.

In the case of my local station, they have raised nearly 73 percent of the \$4.8 million they will need to make the conversion. That is an extraordinary achievement for an entity that has a \$5 million annual operating budget.

I think it is time for the Federal Government to help provide the necessary funds to ensure that all stations are ready by the May 2003 deadline. I think that is important.

I think we can argue about content. I think we can talk about that. I think that is healthy in a democracy. But I hope that we won't allow those arguments to cloud the questions of requiring cable operators to carry only one channel and, thereby, not making full use of the digital spectrum that is important for public broadcasting; that subscription-based services not drive out public school systems that are strapped for money across the country when others are well able to afford those kinds of services. I think it is important that we make sure that, as we provide this spectrum, that we make sure that that spectrum is available for everyone.

With that, Mr. Chairman, I would yield back the balance of my time.

Mr. UPTON. Thank you. Mr. Shimkus?

Mr. SHIMKUS. Thank you, Mr. Chairman. I will just be brief.

There's two subjects in our hearing today, and I think that is going to cause some consternation. I would like to have seen it an addressing of the whole digital transition issue, which is one issue, and then our ideological debates on another one. I know time concerns sometimes prohibit that. That is why we are conflicted, and that is why we are going to be conflicted at this hearing, because they are in the same, but we do have a problem with digital transformation and we need to move in that direction, not just for public broadcast, but also for even the profitable sectors having that problem. That is a national debate.

There is the other issue of bias that we could spend all day haranguing, arguing about, but I think it is important to hear the testimony on both these issues. So because of that, I will yield back my time, so I can move the hearing expeditiously forward.

Mr. UPTON. Mr. Luther?

Mr. LUTHER. Thank you, Mr. Chairman, for holding this hearing. I appreciate the opportunity to have a constructive discussion on public broadcasting in the digital age.

Mr. Chairman, I believe it is incumbent upon this committee to ensure that public television and radio stations receive the support

they need in order to make the transition to digital signal transmission. In this regard, I would like to highlight two brief points.

First, I am interested to know how the FCC's recent decision on primary video will affect educational services for children and adults and local public affairs programming. Twin Cities Public Television in Minnesota, for example, excels in delivering this type of content to the community. If the cable company is only required to carry the primary video stream of the public television station's channel, what will be the affect on the station's other educational local programming?

Second, I would like to emphasize that all public broadcasters are not created equal. In Minnesota we are blessed with WCAL, the Nation's oldest listener-supported radio station, along with the Nation's largest statewide radio network. Minnesota public radio is a regional network of 32 radio stations and 19 translators, serving a regional audience of seven states and Canadian provinces.

The rural character of the region makes digital conversion of the NPR network particularly daunting and expensive. Minnesota public radio reaches 5 million people with over 50 transmitters and translators, an audience size that can be captured by only one station in a large city or metropolitan area.

These comparative numbers illustrate a very important point. As we deliberate on public broadcasting's conversion to digital, we must take into account the fact that statewide and rural radio stations will have much higher per-listener and per-member costs. As such, without government support, we will create yet another digital divide between rural and urban areas.

In order to fully appreciate the high cost of rural and statewide conversion, I would like to submit NPR's testimony for the record, Mr. Chairman.

Thank you, and I look forward to the testimony. I yield back the balance of my time.

Mr. UPTON. Thank you. Mr. Pickering?

Mr. PICKERING. Mr. Chairman, I thank you for having this very important hearing.

I just want to associate myself with the chairman's remarks, and that in my home State of Mississippi we are very proud of Mississippi educational TV and the services that they provide to a rural state, their educational programming, but also the cultural programming that they do. It is sensitive to the culture. It reflects the values. It respects the faith of the people in my home State.

We want to maintain the good. We want to try to help as you modernize in the digital era. But we do have a hard time defending many of the actions of the national or CPB and some of the examples that the chairman raised. It is hard to defend and support an entity when the values and the faith of so many that I represent are not respected.

I guess my hope is out of this that we will start to see a realization on CPB and NPR's part that they do need to take steps to address this. I think over time there have been efforts to do so, but I don't know if you would be willing today to apologize to Traditional Values for the statement that was made or the piece that was done.

I think within the Board or within your staff there needs to be a greater diversity. I think Mr. Markey raised that you do have conservative and liberal voices on NPR as you try to look at your programming. But to those who produce and edit your programming, there may need to be some ways or steps that you can take to make sure that you not only have the sectoral, but you have the religious perspective, so that you can have a sensitive approach of understanding and respecting both points of views on many of the very divisive cultural issues facing our Nation, so it does not come across as bias or unfair or even hostile or disrespect.

So I hope that today, as we talk about these issues, we can find a way that NPR, instead of being a divisive force, can be a force that creates respect for all points of view, and especially those who hold deep religious beliefs and views.

With that, I yield back my time.

Mr. UPTON. Thank you. Ms. Eshoo?

Ms. ESHOO. Good morning, Mr. Chairman. I, too, want to thank you for holding this important hearing on public broadcasting.

Listening to the distinguished chairman of the full committee, I want to say forthwith and right upfront that I am not conflicted about my support of public broadcasting. I know that controversy comes with everything public in our country. That is the push and the pull of a democracy. Does it cause discomfort? Of course it does. I hear and read things that I don't always agree with, but, thank God, and I really mean that, that we can do that in this country.

I am departing a little from some of my opening comments. In taking a look at some of the printed testimony of the Traditional Values Coalition, I am glad that you are here.

I would also suggest that, when there are these controversies, do what many Members of Congress do and what families do in the country, get together with the people you disagree with. Sit down and hash it out. Maybe have a debate on NPR.

But make no mistake that there are different views in this country; there is controversy. The day we don't have controversy in our democracy, I would suggest that we no longer have one.

So I want to say upfront that I have no conflicts whatsoever. I don't feel conflicted at all.

I remember in this committee where we had to really draw a line in the sand because there was a full-bore attack, a frontal attack, on public broadcasting and the funding of it, that small funding, public funding, right here at this committee. There was a substantial rescission in funding. You know that you have advanced funding, a 2-year advanced funding.

So I am proud to have been part of the team in the trench that was part of the defense. I think it was important, and still important, to do so because I think that public broadcasting is one of the real jewels in the crown of America.

Over and over and over again, awards have been received for its programming, especially in the areas of news and children's programming. We know that we need A+ news reporting. There's very little of it. Very few people to really draw their thinking and their analysis from the printed word.

So I think that the evidence that is suggested in these awards in educating and informing really does enrich the lives of Ameri-

cans. I think that we need to more fully appreciate the breadth and the depth of what that represents.

I think also that public broadcasters should be thanked because of their announcement about the new campaign to establish a Homeland Security Public Safety Network by using a portion of their digital spectrum to do so. I think, once again, you are stepping up to do what is right for our country, in a very, very troubled, difficult time for us, by that announcement.

If we are going to have a successful transition to digital transmission, the Congress is going to have to step up to home plate and provide appropriate funding for this. The cost is expensive, and the undertaking, I know, is estimated in the area of at least \$1.8 billion. To your enormous credit, you've already raised about \$750 million. That's a lot of dough. I know that it is not easy to do. I congratulate you for that. I think that we need to meet you more than halfway. In fact, I know that my constituents want us to, as do people across the country.

So I urge the committee to continue its efforts to include language that authorizes the funding that is needed for the transition. That is what we should do.

I welcome any and all review here. I am never afraid of that because I think at the end of the day, at the end of the week, at the end of the month, at the end of the year, year-in and year-out, public broadcasting really comes up like cream rising to the top. I couldn't mean that more.

My children have benefited from it. Our country has. I think a send a message around the world about what we can do with public broadcasting.

Remember, and I want to say this with all sincerity, that in other areas, in the foreign relations area, what is one of the first things that we want to do? We want broadcasting into other countries to take the information of democracy, the debate, and all that comes with it, so that people can become educated. Here at home I think that our appreciation needs to match that.

So thank you to all of you. Thank you, Mr. Chairman, for holding this hearing.

Welcome to all of the witnesses. I couldn't mean that more. Let's go forward and do something that is going to continue to strengthen our country.

Mr. UPTON. Thank you. Mr. Terry?

Mr. TERRY. Thank you, Mr. Chairman, and I will submit my complete formal statement for the record, but I want to express a couple of thoughts, random thoughts here.

In particular, one of the issues that we are going to discuss here is content. I think we need to have that type of discussion, but also on the digital transition. I am proud that the Nebraska Educational TV Network in Nebraska, we have met several times. They co-produce "The Reading Rainbow," one of the more popular children's educational TV shows, proud that Nebraska has their hand in one of the more important educational TV programs on PBS.

But I have also been in constant contact about the struggle, especially from a rural State, that they endure in trying to meet the deadlines and they are on track to be fully transitioned by January, and I'm proud of that.

But some of our discussions here have been on content. That is why I am going to leave my formal statement and talk that I, too, have been conflicted in my support for educational TV, PBS, public broadcasting. I have three young sons, 7, 4, and 2. I will tell you, we watch a lot of PBS, although I have DirectTV and I have to pay extra, by the way, pay extra to get PBS channels on DirectTV, which makes no sense, since the government underwrites the cost of those programs, why I have to pay more for them. But, nonetheless, we really enjoy the shows: "Clifford," "Dragon Tales" are by far the most watched in our households.

But the conflict is, while we certainly enjoy those, then we run into Sunday afternoon programming at four o'clock in the afternoon where they show shows like "It's Elementary," where I don't know if my colleagues or those in the audience know what "It's Elementary" is, but it is a show that was not produced or paid for by public broadcasting that I know of. But it teaches America how to mainstream the homosexual agenda into classrooms.

So while I have my kids in front of the TV on occasion watching "Dragon Tales," I have to now, as a parent, sit behind them and wonder what PBS is going to show them. Obviously, when they are showing it in the middle of the afternoon, their agenda is to show it to my children.

Now I have watched good TV programming that was more along those lines on PBS. There was a great show, a documentary, on the destruction of HIV that was shown at nine o'clock at night. I thought that was completely appropriate, and I learned a lot from that program about the destruction in the gay community of HIV. But you have to question as a parent, why were you showing a show like that at four or five o'clock in the afternoon on a Sunday afternoon?

So I associate myself with my chairman's remarks. I am one of those people that are conflicted. While we love "Dragon Tales" and "Clifford" and all the educational programs, there just comes a time when PBS just wants to flaunt something in our face. I just don't understand that part of the agenda.

So, Mr. Chairman, I look forward to the testimony of our witnesses and their answers to our questions, and I yield.

Mr. UPTON. Thank you. Mr. Brown?

Mr. BROWN. I thank the chairman. I echo the words of my colleague from California, Ms. Eshoo, in thanking you, all of you on the panel, for the high-quality broadcasting that you do in radio and television.

Pat Mitchell mentioned in her testimony that "News Hour" with Jim Lehrer is consistently ranked by viewers as the most trusted and best news show. Kevin Klose will tell us about the Lowell Thomas Award and the Peabody Award, the increased market share that NPR is getting, and also the Armed Forces Network has dropped the regular programming and ran NPR's live coverage in U.S. military bases throughout the world.

But I sit here and I hope that all of you on the panel don't get intimidated by my friends on the other side continuing their ranting and raving about the liberal media. I have been a Member of this body for 10 years, sat on this committee for 10 years. It is the same old Republican game they play, trying to intimidate CNN,

trying to intimidate newspapers, trying to play this game that the media in this country are too liberal.

They do it in the private sector with private broadcasting, with all of these newspapers and radio stations in the commercial sector owned by very conservative, large corporations, hardly a field that is ripe for growth in a liberal anything. But they play that game in the private sector. They are playing that game in the public sector. I ask all of you that represent public radio/public television not to be intimidated by that.

Majority Whip Tom DeLay brought CNN, which is calls "Communist News Network," brought CNN to his office and basically he didn't quite threaten them, but he let them know in no uncertain terms that they were too liberal and he was unhappy about that.

They rant and rave about all of the media being too liberal when, in fact, in 18 of the last 20 Presidential elections the majority of newspapers in this country which endorse the Republican for President. Almost every single time they endorsed Republicans. This isn't a liberal media that they like to tell us about.

They then go on, they threaten CNN for all intents and purposes. They tell us that Fox is unbiased, which is laughable to anybody that is fairminded. They tell us the newspapers are part of the liberal media. It goes on and on and on.

Now they bring you in, and they talk to you, picking out examples, as I can do—I can pick out examples at NPR, which I listen to almost every morning, about its conservative bias: Paul Gigot, George Will, John From, Louis Werkeiser.

Cokie Roberts defends George Bush as a member of the family half the time. Earlier this week Cokie Roberts, when questioned by, I believe, Bob Edwards—I'm not sure—made some statement that, "Well, George Bush was exonerated back in 1989 for his dealings with Harken." Yes, by an appointee of his father's, but she forgot to mention that. I mean, I could say that is conservative bias.

The fact is you do your job; you do your job honorably. Don't get put on the defensive by conservative Republicans trying to nail you as a liberal media. You're not the liberal media. You seem to be generally pretty fair. I think you have a slight conservative bias by my personal belief. That is not all that important, what I think about that.

But the sort of ongoing attacks—the last point I wanted to make was there was a survey done by a group about the Press Corps, the National Press Corps. They asked questions, trying to gauge liberal/conservative, of all the media covering Congress, covering the White House, on every economic issue: taxes, privatization of Medicare, privatization of Social Security, trade agreements, corporate responsibility. On every single economic issue, the public was more liberal than the media covering Congress and covering the President.

Remember that when they continue this diatribe trying to intimidate NPR, trying to intimidate National Public Radio and Television into moving to the right. Don't let them do that to you. Don't let them push you that way.

Most people in this country think that you're fair. The overwhelming majority of people in this country believe that you do a public service. Don't get caught up in putting even more George

Wills and Paul Gigots and John Froms as commentators in pushing to the right, as too many people in this institution want you to do. I yield back the balance of my time.

[The prepared statement of Hon. Sherrod Brown follows:]

PREPARED STATEMENT OF HON. SHERROD BROWN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Thank you, Mr. Chairman.

I am here today to express my strong support for public broadcasting.

In Ohio, public television reaches 99 percent of the population, providing award-winning non-commercial, nonviolent programming that entertains and educates its audience.

The three public television stations that serve my district provide valuable services to our local schools.

These services include:

- Distance learning programs,
- Instructional materials and television programming,
- And technology training for teachers in eight Ohio counties.

As public broadcasting transitions to digital, it will be able to provide an even greater amount of programming and services to our communities and schools.

Stations are struggling to obtain the necessary funding to transition to digital.

Many states are facing enormous budgetary crises, and cannot provide the funds needed for stations to go digital.

It is important that we provide the necessary resources to our public broadcasters to continue their conversion into digital.

Public broadcasting's focus on the local community provides an important balance to the increasing dominance of the corporate controlled media.

The ownership of commercial stations throughout the country is swiftly being consolidated into control by a few major corporations.

One-third of the nation's independent commercial TV station owners has vanished in the last 27 years, as smaller stations are absorbed into ever-larger conglomerates.

The FCC is currently considering relaxing the rules on consolidation even further, which could result in your TV, radio, newspapers, and Internet news websites being owned by a handful of major corporations.

The corporate owned mass media presents a perspective that represents the interests of the wealthy and powerful, while largely ignoring the needs of working families and the poor.

In many communities, public television stations are the only locally owned and controlled media.

Public TV stations have local boards of trustees, hundreds of thousands of volunteers, and numerous local partners and underwriters.

It is important to note that the federal government is not the primary source of funding for public broadcasting.

Private foundations and individuals contribute nearly 90 percent of the necessary support.

These essential local supporters ensure that public television programs reflect their diverse local needs and interests.

Digital transmission will only enhance their service to the local community.

Mr. UPTON. Mr. Stearns?

Mr. STEARNS. Thank you, Mr. Chairman. I would just encourage the gentleman from Ohio to read the book entitled, "Bias," and maybe after that he would be able to talk about this.

I want to take a little different approach this morning. I think many of us would agree there is some outstanding programming on public broadcasting that is good. So they have a lot of quality shows.

But the times are changing. What has happened is that the marketplace for informational and educational entertainment programming has changed so radically since the late 1960's, when CPB was originally authorized. So I think we need to put that in perspective.

Thirty years ago, three major television networks and a handful of UHF channels dominated the television airways. Today Ameri-

cans live in a world of information and entertainment. You can get almost 200-300 channels on Direct Television Satellite.

In fact, Americans are bombarded with an endless array of programming, not just for the television, but also for the radio. It just didn't exist 30 years ago.

This competition leads to the question whether CPB's original mission and present purpose has to change. Not only do programming providers such as C-SPAN, the Disney Channel, the Food Network, Nickelodeon offer programs that do not rely on public funding to bring quality shows to home viewers, unlike CPB's taxpayer-subsidized programs. So there's people out there that are doing it without the taxpayers' support.

I guess the question we have to answer, Mr. Chairman, is, can the public broadcasters exist, can they be self-sufficient? If not, what should be done here in Congress to help them?

As we discuss the Corporation for Public Broadcasting, I support enabling CPB to stand on its own. That is my basic argument today. They have widespread commercial appeal.

Now they have a lot of businesses of their own they make money on: mail order catalog business, the operation of retail chain stores, the sale of popular television and radio programs on video, audiotapes, DVD, or such program-related merchandise as Barney or Sesame Street dolls, the toys, the games. I mean, I don't know them all, but I know that you have a lot of ways that you do make money.

I think the final question, Mr. Chairman, would be, all of these businesses that the Corporation for Public Broadcasting uses to make money, shouldn't that provide them the potential to become independent of taxpayers?

So I look forward to our hearing, and I think we should put that all in perspective. I thank you, Mr. Chairman.

Mr. UPTON. Mr. Engel?

Mr. ENGEL. Thank you, Mr. Chairman. I feel very sorry for the panelists. They come here to testify, and they spend the first couple of hours listening to all of us.

So thank you for coming. Thank you, Mr. Chairman, for calling the hearing. This is a great opportunity to discuss the contributions that public broadcasting makes to our communities. I want to especially recognize Laura Walker from WNYC, which I think is the country's best NPR station.

I'm thinking back on what could have been a day of pandemonium and was the day of the worst attack by a foreign aggressor on American soil. It also was a day of incredible heroism.

On September 11 in New York one of the great symbols of our country came crashing down, and we, of course, know that 3,000 people lost their lives tragically that day. Throughout the day people turned to the radios and televisions to learn what was happening.

My own friends—and I was in New York at the time—who were out at polling places for the primary elections that day, told me how everyone gathered around car radios and listened to WNYC-AM, which is our local national public radio station. They listened in horror as the Twin Towers collapsed.

Had they been listening to WNYC-FM, they would have heard silence because the FM main transmitter and backup transmitter were on the North Tower. If they had been viewing Channel 13 via an over-the-air broadcast, they would have seen just a snowy screen because WNET lost both of its analog transmitters and its 1-month-old digital transmitter.

Public broadcasting in New York suffered grievous wounds that day. Sadly, WNET lost something far more valuable. WNET lost one of its own. Its engineer, Rod Cappola manned the transmitter until the end when the Tower collapsed and over-the-air transmission was lost. Rod was one of some half-dozen broadcast engineers that were at the World Trade Center that morning tending to transmission for their stations.

All of broadcasting in New York was hurt. The list of broadcasters who lost transmission capabilities is staggering: WCBS, Channel 2; WNBC, 4; WABC, 7; WNYW, 5; WWOR, 9; WPIX, 11; WNET; PBS, 13; WPXN, 31, and I can go on and on. WCBS, 2, on backup transmission, and WXTV, 41, and WFUT, 68, remained on the air broadcasting from the Empire State Building.

Yet, despite the tragedy and obstacles at WNET and WNYC were experiencing, they stayed on the air. WNET even opened its doors to Mayor Giuliani and his emergency response team. The Mayor's Emergency Operation Center was in the Towers, and so WNET opened up its phone bank rooms to enable the Mayor to continue to work. This is just another example of what public broadcasting does for our communities.

Now public television is looking to adapt its digital TV capability. A station in Kentucky had the idea of using parts of its spectrum to broadcast an emergency information signal. Working with the National Weather Service, that station can send its own video signal and at the same time alert residents to dangerous weather conditions. This has become a model for other public television stations throughout the country.

I saw a demonstration that Mr. Lawson had recently in the Cannon Building, and I was really amazed at the capability and the promise that public broadcasting holds for these kinds of things.

Public broadcasting adds value to our communities, and this value is reflected in the agreements that public television has been able to make with the cable industry. I am very pleased that Mr. Willner and others in the cable industry have recognized this and acted to include the other channels that PBS plans to offer.

Mr. Chairman, I am a strong supporter of public broadcasting and always will be. I may not always agree with what I hear on NPR or see on PBS, but, by far, public radio and television constantly provide quality programming.

I have had discussions with Mr. Klose about some of the things that I was unhappy about with regard to public broadcasting, about events in the Middle East and what I thought was a bias against Israel, and I know that he is working hard to try to make things evenhanded and to make things better.

It is very, very hard to make things evenhanded. As we saw by some of the comments of our colleagues on both sides of the aisle, there are people that have questions and problems, but, again, it is in the eyes and the ears of the beholder.

So these, ladies and gentlemen, have been a very, very difficult case in terms of trying to balance things out. But I think by far public radio and TV provide quality programming. They constantly enrich our society and they constantly make our communities better.

I remember the bad old days here in Congress in 1995, when there was an attempt to zero out support for public broadcasting. I was proud that I was one of the leaders in the fight to keep government funds flowing to public radio and television.

Public radio and television play a unique role. I would disagree with my good friend, Mr. Stearns; I don't want commercial appeal on public radio and TV. We have lots of commercial stations. It is unique to have public stations. I don't want them put into the position where they have to vie for commercial dollars. That would go against what we want them for and what they do. So I think it is very, very important that we keep them in the public realm and we keep providing the funds necessary for them.

I have a list of awards that WNYC and WNET have received as a result of their September 11 coverage, and I ask unanimous consent that it be included in the record.

Mr. UPTON. Without objection.

[The information referred to follows:]

WNYC AWARDS

2002 Radio & Television News Directors' Association Edward R. Murrow Awards

- Best Newscast—Winner, Regional Competition: *SEPTEMBER 12th, 2001*, by WNYC News

2002 Society for Professional Journalists Sigma Delta Chi Awards

- Best Breaking News Reporting—National Winner: *September 11th: A Local Radio Station Responds*, by WNYC News (This award is given by the Society of Professional Journalists, which bestowed the honor on WNYC over many other national networks and radio stations. It was the only SPJ prize for radio related to September 11.)

2001 New York State Associated Press Broadcasters' Association Awards

- Steve Flanders Memorial Award For Best Radio Station Overall: *WNYC Radio*, which "*exemplified the best traditions of journalistic initiative and dedication in providing a complete news service to the listening public.*"

2002 Public Radio News Directors' Inc. PRNDI Awards

- Best Breaking News Reporting—National Winner, *WNYC RADIO: The World Trade Center Disaster*, by WNYC News
- Best Continuing Coverage—National Winner, *The World Trade Center Disaster: A Local Station Responds*, by WNYC News

In addition, National Public Radio recognized WNYC during its acceptance of the **Peabody Award** for September 11th coverage. NPR Vice President Bruce Drake singled out the significant contribution of WNYC reporters and producers to NPR's national and international coverage during last year's tragedy.

WNET AWARDS

Thirteen received a special award from APTS at their annual meeting for the station's coverage and activities in conjunction with 9/11 despite the loss of transmission.

Received a special Trisscott Award from the Tri-State Catholic Committee on Radio and Television again for activities and programming in response to 9/11. One of our staff, John DeNatale who is the producer for NY Voices—a series that grew out of 9/11 and continues to look at some of the aftermath issues and concerns—also received a Trisscott Award

Jason Kessler's film, "Q. What's Wrong with this Picture?"—the documentary on 9/11 which debuted on MetroArts/Thirteen in December 2001 won a 2002 Gabriel Award.

And finally, Thirteen/WNET New York's "In Our City: New Yorkers Remember September 11th," a production of MetroArts/Thirteen, was named best single public affairs program by the NY Broadcasters Association.

Mr. ENGEL. I would just like to note one other issue. The events of September 11 had enormous implications for the entire telecommunications. I know, Mr. Chairman, we went, our subcommittee went and toured in the aftermath of the tragedy down at the World Trade Center and toured some of the buildings there. We have been right on top of the situation.

That is why I and many other colleagues on the Energy and Commerce Committee from New York have requested a field hearing in New York to look into all these issues. I know the chairman was very interested in doing this, and hope that perhaps later this year there will still be time.

So I welcome all my friends from public radio and TV, and I say, keep up the good work. You have many, many strong supporters in Congress on both sides of the aisle. Thank you. I look forward to hearing your testimony.

Mr. UPTON. Mrs. Cubin?

Mrs. CUBIN. Thank you, Mr. Chairman. While I associate my comments, my opinion, with the chairman's comments and Mr. Pickering's, I have to take issue with the ranting and raving accusation by my colleague from Ohio. The only ranting and raving I have heard here today came from him.

In my life, when I tend to be judging what someone else's motives are or their actions, if I look back at myself, I find many times I am guilty of what I am accusing someone of, and that includes motives, political motives of people other than myself. So I would recommend that also to my colleague.

And his statement that we are all up here bashing public television is absolutely wrong. I don't have one negative thing to say about Wyoming Public Television. In fact, I have a lot of good things to say.

I have long supported my local station, which is called Wyoming Public Television, because in geographically isolated areas like Wyoming this public station provides our communities with a critically important source of free, over-the-air educational programming.

Across America more than 65 million people live in rural areas, including 27 percent of America's children. Over one-quarter of U.S. schools are located in rural areas. So public television is a major force.

I will be speaking today about the conversion of public television's system of translators to digital because it is so vital to ensure that free, over-the-air educational television continues to be provided for rural areas.

I am particularly interested in hearing the testimony of John Lawson—there he is—with the Association of Public Television Stations. I hope Mr. Lawson will provide this subcommittee with a thorough update on numerous topics, including the status of the digital conversion at public television stations like Wyoming Public Television.

I recently heard from Dan Scheidel of Wyoming Public Television about the financial burdens that are imposed on it by having to

meet the digital conversion mandate by May 2003. I especially would like you to address that specifically, Mr. Lawson.

These issues are important to me because, as I said, I have long supported Wyoming Public Television and the great work that they do for all of our communities in the State. For example, Wyoming Public Television is participating in Teacher Line Program, which is a comprehensive professional development website for pre-K through 12 teachers. It helps Wyoming educators achieve math and technology skills that are recommended by State and national standards and it guides them toward integrating technology into their teaching.

In addition, Wyoming Public Television is contributing to the intellectual development of the community through our history series it is creating about Wyoming called, "Wyoming Voices." That is something that I think is very important to our children. We need to know, they need to know their roots. They need to know where they come from and their history, because it makes them feel more important. It gives them confidence that they aren't out here alone.

This fourth series will use a mix of interviews with citizens who grew up in Wyoming communities and experienced the changes in the State's history, as well as interviews with historians from the State of Wyoming that come throughout the State.

Finally, picking up on the Homeland Security Initiative, Wyoming Public Television is working with the Wyoming Department of Health to create bioterrorism training materials and teleconferences for the State's agriculture, tourism, industry, general public, law enforcement, and medical communities.

I want to hear from Mr. Lawson, again, Wyoming Public Television's representative in Washington, what Congress can do to ensure that Wyoming Public Television can continue to provide these very necessary services and the wonderful programs that it provides.

Mr. Chairman, I applaud your leadership, and I think that Mr. Tauzin is right on target in leading this committee through the work that we have to do. Thank you very much, and I wish I had time to yield back.

Mr. UPTON. Ms. McCarthy?

Ms. MCCARTHY. Thank you, Mr. Chairman, for holding this important hearing on the digital transition of public television and public radio. I welcome the panelists and look forward to their wisdom.

I wholeheartedly support public broadcasting. In fact, I would be lost without it. I listen to four stations, two in this community of Washington, DC, and two back home in Kansas City, one on either side of the State line. When I travel around the country, one of the first things I do when I get to my hotel room is find a PBS and public radio stations, so that I can keep up with what is going on and have some great comfort in knowing that it will be the wonderful, balanced, and objective coverage that they do every day.

I want to commend Ms. Mitchell and those who helped bring to us the "Commanding Heights" program, for example. I thank you for making that available to Members on tape who couldn't watch it on public TV.

I would just like to quote one of the reviews on that program, the "Commanding Heights." "One of the most serious and impressive efforts American TV has made to comprehend its own times." This from The Washington Times.

I want to talk a little bit about my public TV station in Kansas City, Kansas City Public Television, because it is at the forefront of the digital television transition. The station launched its first digital broadcast on November 9, 1998, following the installation of a new digital transmitter and antenna.

I went down to view it. It is very, very beautiful and very impressive. Since then, KCPT and Time Warner Cable have already worked together to create an agreement offering both analog and digital stations on digital cable. So those fortunate enough to own a digital TV can view the high-definition signal over cable. This is a great example of how a broadcaster and cable company can work together to solve the must-carry problem, instead of relying on a government for a mandate.

When the transition is complete, KCPT will offer separate 24-hour digital channels for community affairs, K-through-12 programming, higher education and literacy programs such as the Spanish language programming they are doing already with Sesame Street.

KCPT is taking a leading role in developing On-Course with the Corporation for Public Broadcasting. Through On-Course, public television and its educational partners will provide learning content in digital form for delivery to teachers and students. Public broadcasters continue to successfully meet their vision of educating all Americans.

We are here today because later this summer the FCC will likely require a date certain for public broadcasting to include radio complete the transition to digital. Digital radio promises to provide near CD-quality sound and more efficient use of spectrum. Public safety services such as weather alerts and national security notifications can be sent over digital airwaves.

Before a digital radio station is selected, we must ensure the equivalent of subcarrier channels to continue the broadcast. For instance, KCUR in Kansas City currently makes special secondary audio broadcasts to read magazines and newspapers to the seeing-impaired.

The digital transition is capital-intensive, and most of the costs are borne locally. Even though KCPT has already spent more than \$3.4 million and complied with the FCC mandate for digital broadcast by May 1, 2003, there is still more than \$1 million of work in order to complete the upgrade. KCUR will require about \$100,000 to upgrade to digital radio.

Because there is so little money budgeted in public telecommunications facilities program and the downturn in the economy has led to a decrease in donations, stations are struggling to raise enough funds to meet the deadline.

I look forward to learning today how we ensure that the digital transition proceeds as planned, so that all Americans can experience the digital content which we have promised. It seems to me, Mr. Chairman, this hearing is very timely because the Federal

Government must either increase funding to public broadcasting or change the deadline.

Thank you, Mr. Chairman.

Mr. UPTON. Mr. Davis?

Mr. DAVIS. Thank you. I ask that my entire statement be put in the record. I just want to make a couple of remarks.

I have been a consistent supporter of public broadcasting. I favor Federal DTV authorization for the conversion.

Having said that, though, let me just say I am a little bit disturbed about the January 22 incident. Mr. Tauzin I think has spoken about it eloquently. I think the manly thing to do in a case like this is to apologize straight-up. I think it was a bad story. You have acknowledged it was inappropriate. I think that is the easiest way to make a clean slate of it.

You have a lot of wonderful shows that I watch and listen to. The ones I don't I turn off. I have that option. But when you take public money, well, you also get public input from the people that fund it. I think that is what you are hearing today.

So I look forward to hearing the testimony today. I thank everyone for participating, and I hope we can move ahead. But I would like to bring this other issue to closure. I think this is an appropriate forum for that. Thank you.

[The prepared statement of Hon. Tom Davis follows:]

PREPARED STATEMENT OF HON. TOM DAVIS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF VIRGINIA

I want to commend you, Mr. Chairman, for holding this most timely oversight hearing on public broadcasting. It is important that we examine the practices and policies of our nation's public broadcasters periodically to ensure they remain faithful to their statutory mission and provide balanced programming, as required by law.

One of the issues that certainly will be discussed at today's hearing is the authorization of funding needed for public broadcasters to convert to digital television. Consistent with congressional direction, the FCC has set a May 1, 2003 deadline for public broadcasters to commence digital broadcasts. Although public broadcasters have raised almost 40% of the funds they estimate will be required for the DTV conversion, the vast majority of that funding has come from private sources or the states. I hope that our Committee will consider seriously a federal DTV authorization for public broadcasting.

In assessing the need for a DTV authorization, I urge my colleagues to take note of the pioneering role public broadcasting is playing in optimizing digital technology for the benefit of consumers and our communities. Almost all public broadcasters intend to use multicasting to send 4 video streams of various types of educational programming geared to all ages and segments of our diverse society. Public television stations have committed to using the equivalent of one digital channel for providing formal education—in essence a broadband pipe to schools to be used for datacasting. Earlier this week, public broadcasters demonstrated for staff of this Committee a new application of DTV for homeland security—dedicating a very small portion of digital spectrum to “broadcast” data to PCs in homes, offices and to first responders to enable our citizens to cope with public emergencies, be they terrorist attacks or natural disasters. We need to push the edge of the digital envelope, and public broadcasters have demonstrated they are ready, willing and able to do so.

I also want to commend both the public broadcasters and two cable companies, AOL Time Warner and Insight Communications for reaching voluntary nationwide digital TV carriage agreements, and I urge other cable companies to follow swiftly the lead of AOL Time Warner and Insight in concluding such marketplace based carriage agreements with public broadcasters.

Finally, National Public Radio and public television stations present unique, interesting content, of that there is little doubt. However, we must acknowledge the concerns of those that believe this content does not always present an objective

viewpoint. Since public broadcasters do receive public funds, they bear a special burden—over and above normal journalistic ethics—to report the news in a balanced fashion. I understand that NPR and other public broadcasters pride themselves on their rigorous editing standards; however, mistakes are sometimes made. This is understandable, but I will be interested to hear representatives of public broadcasting discuss these concerns and their efforts to provide the balanced reporting required of them.

Mr. UPTON. Mr. Stupak?

Mr. STUPAK. Thank you, Mr. Chairman, and thank you for holding this hearing today.

Besides the quality fare that PBS offers for adults, I also know how much children love PBS shows such as “Clifford, the Big Red Dog,” and my chief of staff’s daughter, Emma, is among these fans. At a recent staff barbecue I sat and read one of the Clifford books with 3-year-old Emma. I would be hard-pressed to show my face in Emma’s house again if I was not fully supportive of “Clifford” and other PBS idols such as Angelina Ballerina and Arthur. I will try to be as objective as possible in this hearing, despite the potential repercussions with my chief of staff and Emma and countless other children.

Currently, there are two Michigan public television station broadcasts in my northern Michigan district, WNMU in Marquette and WCMU out of downstate, which broadcasts on WCML in Alpena. These stations are very important to my northern Michigan constituents, and I want to ensure that these stations in my smaller, more rural areas are equally represented as these discussions progress.

Michigan public television stations face great challenges in the digital transition since Governor Engler has vetoed legislation that would provide funding to them for this transition. As a result, Michigan stations are much more reliant on other sources of funding.

For example, Scott Seaman, the General Manager of WMNU in Marquette, which broadcasts to over 55,000 households in the Upper Peninsula, now faces enormous financial difficulties in meeting the FCC’s mandate of the May 2003 deadline for a digital transition.

I look forward to the hearing today, Mr. Chairman, and hearing from the witnesses on what can be done to assist smaller, more rural public television stations in meeting this deadline and ensuring that their valuable programming is ensured for the future.

With that, Mr. Chairman, I would yield back the balance of my time.

Mr. UPTON. Mr. Bass?

Mr. BASS. I thank the chairman. It is a very interesting hearing. I am looking forward to participating in the process.

As has already been noted, I think we should try to keep the main focus for today on the transition to digital broadcasting and the support that public broadcasting needs to meet its transition goals as quickly as possible.

Having served on the Transportation Committee, every time we had a hearing on airlines, it always degenerated into Members saying how much they disliked waiting for this airline who was late, and so forth and so on. I am finding out quickly that it is inevitable that the same equivalent occurs here, that everyone will have their

own opinions about whether public broadcasting is fair one way or the other.

I just want to say, as I said before, that the hearing really ought to focus on the process, not the content, although it will, perhaps appropriately, to some extent deal with that.

I also want to say that our public television and radio stations in New Hampshire, and I assume elsewhere in the country, provide outstanding programming and services to the community. They have my full support.

It doesn't appeal to all viewers at all times or listeners. That is unavoidable. But it is a balancing act that is undertaken. On the whole, I think that public broadcasting fills an important void and does so in a very meaningful fashion.

Public broadcasters, however, like every other enterprise in America, including governments and government-sponsored organizations, do make mistakes, and when they do, I hope they step forward, as my friend from Virginia just said, admit the problem, and work to resolve it in the future.

I also hope that today's hearing is only the beginning of our work on public broadcasting. CPB reauthorization, addressing digital cable carriage or spectrum allocation, commercialization of the underwriting are items that I hope this committee takes up in the weeks and months ahead.

On this last item, underwriting commercialization, I again want to associate myself with the view of our full committee chairman and the others who wrote the FCC on this matter last November. I think it is important that the programming stay non-commercial, and it is an integral part of its value and justification for public support.

So, Mr. Chairman, thank you for holding this hearing. It is a great issue, and I look forward to participating. Thank you.

Mr. UPTON. Ms. Harman? Mrs. Harman?

Mrs. HARMAN. Thank you, Mr. Chairman. You can call me whatever you would like.

I am happy to be here and think this is very important for our committee to consider, and the part of the issue that I really think we have to focus on, as Mr. Bass said, is the transition to digital, because the folks in front of us have a lot of good ideas about how to make that transition occur faster and better. That is something, it seems to me, the Energy and Commerce Committee, and particularly this subcommittee, should make a high priority.

A couple of our members, Mrs. Cubin and Mr. Engel, have commented on the opportunities that this transition can offer for homeland security. Since that is something that I focus on quite a bit, I would just like to make a few observations there.

I was very impressed in a conversation with Mr. Lawson to learn about the experiment that occurred in Kentucky—Mr. Engel mentioned this—where a demonstration program, and I am sure he will address this in his testimony, was undertaken that could put signal on PCs. I think they actually demonstrated that this could happen.

Signals on PCs can be overridden by emergency signals delivered by public television, and those emergency signals can tell PC users, many of whom are senior citizens now, that there is or may be a

terrorist activity in their neighborhoods and specifically what to do about that.

It seems to me that if we have the opportunity to do things like this through public television stations, we ought to not just embrace these ideas; we ought to be all over these ideas because this is, by my likes, one of probably the best ways to reduce panic and increase information to communities about not just terrorist threats, but other perhaps emergencies of a natural nature. Hailing from California, the home of earthquakes, it seems to me that this is a very good idea that we should consider.

It is also true that the witnesses before us will talk about their interest in this transition in a way that offers other opportunities for homeland security. For example, I am a principal sponsor of something called "The Hero Act," which would set a firm date for the DTV transition in 2006. The reason the Hero Act is pushing that transition is to free up spectrum for emergency communications.

It seems to me if these folks can make that transition by 2006, they are helping our first-responders achieve the interoperability that they need through increased spectrum in the event of a terrorist attack or other emergency.

So I just want to focus on the transition issues for a minute, point out what opportunities we have, make clear to our witnesses that I embrace Federal funding to help them make this transition, and point out to our committee that one of our major objectives, which is the digital transition, can be achieved if we support many of the ideas that these witnesses have.

I think these opening remarks are very interesting today, but I think the most interesting aspect of them is the fact that I think on a unanimous basis everybody here wants to get on with the digital transition. We have part of the answer before us. Thank you, Mr. Chairman.

Mr. UPTON. Mr. Barton?

Mr. BARTON. Thank you, Mr. Chairman. I appreciate you holding this hearing.

Put me down as one of the skeptics about the need for public broadcasting today, given the explosion in cable television and satellite systems, although I do know that there are some people that can't afford either of those. So there still is some role for public broadcasting.

I also think there is a bias in public broadcasting. Notwithstanding some of the anthology series on the Civil War and baseball, and this latest one, "Commanding the Heights," about the world economy, which I think, as Congresswoman McCarthy said, is one of the best things that public broadcasting has done in the last 6 years, I still think that there tends to be a little bit too much bias toward the liberal side, but in a free society that's appropriate.

If you are going to have freedom of speech, you ought to let the broadcasters speak however they want. So I am not going to whine about that.

I do hope that we look at this digital transition. I do think there is a role for public funding, for Federal funding, of PBS and the digital transition. The public television station in my area, KERA, transitioned to that I think last year.

I have a very cordial relationship with both the TV and the radio public broadcast systems in my area. They do know that, if I had to vote to defund it, I would do it. I think you folks would be a lot better off if you got 100 percent funding from other sources and didn't take any Federal dollars with the exception of helping you on the technology side, where I think we have a role to play.

This is a very good hearing, and I wish the chairman well as we go through it. I am in a markup in the Science Committee on homeland security, Mr. Chairman, so in fact I've got a series of votes I'm going to have to run off to, but I wish you all well. I will try to get back to participate in the Q&A. Thank you.

Mr. UPTON. Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman. It is good to follow my colleague from Texas, and I want to commend the chairman for calling this hearing.

I think it is important that, as Members of Congress, we look at the current and future needs of public broadcasting on a regular basis before it becomes a crisis.

If you can't tell, my district is in Houston, Texas, and both our public radio station, KUHF, and our public TV station, KUHT, are valuable assets in our district, and there are now eight Members of Congress who will share the Houston area.

The programs available on NPR and through PBS are both enlightening and provoking. Although we are going to hear from a critic of public broadcasting today, I am confident that their views represent only a minority when it comes to valuable public commodity.

Having read the testimony, I welcome all groups, like my colleagues, to this free speech experience. Welcome to this pit of freedom, and you can't silence critics or questions in the arena. That is part of the system. I may not like what NPR says about, well, for example, Israel was brought up earlier, but I listen. That is part of the free speech experience. If you are going to be in this pit, then you are going to take hits as well as everyone else.

Going forward, however, our public broadcasters face many of the same funding challenges as their private sector competition. Digital television transition is accelerating while most of the public TV stations, television broadcasters in the major markets have converted, and that is true in Houston as well, and most of our markets have converted.

There is clearly a developing need to assist the smaller market stations in their transition. My colleague from Wyoming, I assume Wyoming and lots of our smaller market communities need that help that we need to consider. Trying to raise private funding in tough economic times is proving to be a tough hurdle, I understand. Not every public broadcaster can draw on deep financial support like you can from a major market like Houston, and that means the Federal Government, if we are going to include this whole Nation in PBS broadcasting, we need to have some type of one-time help in transition assistance.

While there is an outcry from some in this body about increasing funding probably, in my opinion, we will not be doing our job if thousands of small children lost the access the "Clifford, the Red Dog." I have to admit my generation, my children were raised on

PBS, but they are grown, and so “Clifford, the Red Dog” is probably as important as “Sesame Street” was to my children’s generation.

Public broadcasters provide a great deal of local programming in support of every community they are in, and I know because I participated in that for years, both as a State legislator and now in Congress. We may not like the news stories they report or the specialty pieces they develop, but it is journalism, and if you want one daily news item, you need to go to China or maybe Saudi Arabia.

I want to commend the public broadcasting community for the great job that they do and for the service they provide, and for being a leader at least in our area of digital transition.

Mr. Chairman, I will yield back my time.

Mr. UPTON. The gentleman’s time has expired. The gentleman from North Carolina, Mr. Burr.

Mr. BURR. Mr. Chairman, I would ask unanimous consent of my colleagues to be allowed to give an opening statement and to participate in the hearing.

Mr. UPTON. Objection?

[No response.]

Hearing none, the gentleman is recognized.

Mr. BURR. I thank the Chair and I thank my colleagues.

The committee discussion and consensus on public television issues are important and I think long overdue. Absent an authorization bill for 10 years, I am glad that you and Chairman Tauzin recognize the significance of holding this hearing today.

As a long-time supporter of public television, and particularly my own State network, UNCTV, as well as an avid listener of NPR, even when the stories are about myself, today I want to commend each of our witnesses for taking the time to join us today.

As you are all painfully aware, the management of a public-funded entity is a difficult task and requires patience, creativity, and hard work. Your work, no doubt, enriches the lives of millions that otherwise would have limited access to diverse cultural experiences and educational programming for both youth and old. For this, I thank you.

We are not here today to talk about should or shouldn’t we of public television. That debate is part of our history. Rather, I believe that we are here as members of this committee and the public at large to benefit from taking a closer look at how we spend our precious public television dollars and how we intend to sustain the digital transition in a responsible manner.

The public television family is one where there are many members: the stations, the corporation, PBS, APTS, NPR, among others. However, one family member that seems overlooked recently is Congress. Perhaps Congress and, more importantly, this committee is to blame for failing to expressly define expectations of public television. This will change.

I feel strongly that Congress—and when I say “Congress,” I mean the American people—has an obligation to ensure that public television is using public resources wisely, promoting the general welfare, and living up to the public trust bestowed upon it. By and large, I see public television doing that consistently.

However, irresponsible actions of a few have strained the relationships between the public television community and this com-

mittee. I am hopeful that we can continue to work out those differences, yet embrace our mutual support of the industry.

I am appreciative of Chairman Regula and his colleagues on the House Appropriations Committee for working with us to provide a funding blueprint for digital conversion in last year's supplemental and regular order appropriations bills. We must all work together now and in the future to build a public television system like Pat Mitchell describes that creates "miracles of teaching and learning and that informs, inspires, educates, and engages." This is what public television is all about, and this is what I support.

Although North Carolina has already received full digital funding through public referendum, I lend my support to helping all public television stations in their transition to the digital era. My only request is that we approach some of these issues together with the recognition that Congress and this committee has a role to play.

Mr. Chairman, I thank you and I thank my colleagues for allowing me to participate, and I yield back.

Mr. UPTON. Believe it or not, that concludes the opening statements.

I will say very quickly that I will ask unanimous consent that any member that is not here, that their statement may be placed as part of the record. So being, it is done.

Welcome to the panel. This morning we have Robert Coonrod, President and CEO of the Corporation for Public Broadcasting; Ms. Pat Mitchell, President and CEO of Public Broadcasting Service; Mr. Kevin Klose, President and CEO of National Public Radio; Ms. Andrea Lafferty, Executive Director of the Traditional Values Coalition; Mr. John Lawson, President and CEO of the Association of Public Television Stations; Mr. Michael Willner, President and CEO of Insight Communications, and Ms. Laura Walker, President and CEO of WNYC-FM in New York.

Welcome, all of you. I would note that your testimony is part of the record in its entirety. We would like to limit you to 5 minutes for your opening statements, at which point we have questions from the members on the panel.

Mr. Coonrod, you get to go first. Thank you.

You need to just turn that microphone on. You, of all people, should know that rule.

We've learned.

STATEMENTS OF ROBERT T. COONRAD, PRESIDENT AND CEO, CORPORATION FOR PUBLIC BROADCASTING; PAT MITCHELL, PRESIDENT AND CEO, PUBLIC BROADCASTING SERVICE; KEVIN KLOSE, PRESIDENT AND CEO, NATIONAL PUBLIC RADIO; ANDREA S. LAFFERTY, EXECUTIVE DIRECTOR, TRADITIONAL VALUES COALITION; JOHN M. LAWSON, PRESIDENT AND CEO, ASSOCIATION OF PUBLIC TELEVISION STATIONS; MICHAEL WILLNER, PRESIDENT AND CEO, INSIGHT COMMUNICATION; AND LAURA R. WALKER, PRESIDENT AND CEO, WNYC-FM

Mr. COONROD. Thanks for holding this hearing. I think the discussion that we have heard already this morning has been tremendously important to me and my colleagues as we try to think about

the future of public broadcasting, and particularly the partnership that we have with the Congress, because it is an important partnership.

Before I make some opening remarks, though, I would like to recognize the Chairman of the Board of the Corporation for Public Broadcasting, Catherine Anderson, who is with us this morning. Catherine Anderson. So while I am the President and CEO, she is the Chairman of the Board.

It has been 3 years, Mr. Chairman, since we have had an oversight hearing. We have faced a number of challenges during that period, and some very good things have happened. My colleagues will be prepared to provide a number of those specifics.

I would like to start, however, by offering a capsule summary of public broadcasting's overall financial situation and describing the very critical role you and others have suggested that the congressional support plays.

Public broadcasting is not immune to the overall economic trends. Many stations are cutting their budgets and reducing staff because of decreases in State funding and a softening of local fundraising and underwriting. Congressional support is essential in this environment.

The rising costs of program production and distribution, the cost associated with the conversion to digital that many members of the subcommittee have mentioned this morning, and the need to continue to innovate, make public support for public broadcasting more important than ever.

As you mentioned, Mr. Chairman, the Federal share of public broadcasting's revenues is relatively small, about 12 percent, but it is vitally important. These limited resources provide enormous leverage and much-needed continuity.

Our response to September 11 I think demonstrates this very well. CPB was able to provide nearly \$11 million in special crisis funding. This money was used to pay for additional reporting. It allowed for expanded versions of "The News Hour with Jim Lehrer," "Washington Week," and supported NPR's Peabody award-winning coverage.

Public broadcasting's response was many-faceted. It also included special music programming, mental health outreach efforts, and special call-in programs. It also helped with the reconstruction of WNYC. You have Laura Walker on the panel later in the testimony.

Public broadcasting's commitment to local communities underlies CPB's thinking about its core program, the Community Service Grant Program. Last year we conducted a statutorily required review of our procedures and made several changes which we think will help stations provide service that better meets local needs.

I would be happy to answer any questions you may have about this review. As part of my testimony, I have included a complete summary of all of the changes that we included in the programs.

CPB is also helping broadcasters to use new technologies to serve a broad range of viewers and listeners. For example, CPB partners with the American Film Institute in an enhanced TV workshop where television producers learn to tap digital TV's potential. In 2002, two flagship children's series, "Sesame Street" and "Arthur"

will be included in this highly competitive program, as will two of PBS's signature program, "POV" and "Matters of Race."

Public broadcasting is becoming adept at using the Internet, and CPB was part of an effort to create a new web portal, African American World. This site is a treasure house of photographs, essays, music, and interviews. More important, it ensures that material that was originally developed for broadcast, everything from segments of "Morning Edition" to "Soldiers without Swords," which is a film about the black press, all of these materials will be accessible on the Internet long after the programs have aired. And, as is the tradition in public broadcasting, they will be accessible on the Internet at no cost to the user.

CPB also supports creation of free-standing websites that do not have a broadcast component. The first effort is a group of sites aimed at America's "tweens," the 16 million 9-to-12-year-olds who too often fall between the cracks between children's and adult programming.

Kids are spending increasing amounts of time on the Internet, choosing it even over television. Public broadcasting has to be there with them. CPB helped fund the original "Sesame Street," the program that redefined television for children, and supported its recent reinvention to help build on new ideas about how young children learn.

Supporting projects produced for the Internet is consistent with CPB's history of innovation and our legislative mandate to use all appropriate available telecommunications distribution technologies.

As we look forward, we are going to be supporting a local/national initiative for Zoom, so that kids in their local communities will be able to participate in an important national programming. We are going to be supporting a 2-hour documentary hosted by Ben Wattenburg which will describe the meteoric rise and spectacular fall of socialism.

We remain committed to supporting traditional fare, like the National Memorial Day Concert and films of Ken Burns, but we are also strengthening coverage of local elections through the use of a Web hub and exploring ways to integrate digital technology into classroom instructions.

Mr. Chairman, these initiatives are possible because the money provided by the Federal Government forms a vital, stable core of funding. With it, we support local stations, continue signature programming, reach out to underserved audiences, and explore new technologies like digital and the Web.

We want public broadcasting to remain grounded in its bedrock commitments and to be relevant to the still unknown needs of the 21st century. The possibilities are endless, and working together with the Congress we look forward to achieving those possibilities.

Thank you, Mr. Chairman. I would be happy to take your questions.

[The prepared statement of Robert T. Coonrod follows:]

PREPARED STATEMENT OF ROBERT T. COONROD, PRESIDENT AND CEO, CORPORATION
FOR PUBLIC BROADCASTING

INTRODUCTION

I am pleased to be here today before the Subcommittee on Telecommunications and the Internet. This is the first time I have appeared before you since you became Chairman of the Subcommittee, Mr. Upton. I hope that today's testimony contributes to a broader understanding of the many contributions that public broadcasting makes to the American people. I also acknowledge that we are among old friends like Chairman Tauzin, Mr. Dingell and Mr. Markey, who have worked with public broadcasters for many years and contributed much to the success of both public television and public radio.

This November will mark the 35th anniversary of the Public Broadcasting Act, signed by President Lyndon Johnson on November 7, 1967. It has been 10 years since the Public Broadcasting Act was reauthorized and three years since we have been before you to discuss issues of mutual concern. We, therefore, appreciate this opportunity for an oversight hearing and look forward to a constructive discussion.

At the Subcommittee's request, I am going to provide a primer on how CPB fulfills the charter contained in the Public Broadcasting Act and implements its' responsibilities to support educational programming and to make grants to radio and television stations. But before I do, I would ask for a few minutes to brag a little about public broadcasting's recent contributions to the lives of the American people, and to talk about the steps we are taking to ensure that public broadcasting remains a leading source of quality programming.

RECOGNITION OF PUBLIC BROADCASTING

Year after year, according to "Roper Reports," Americans rank public broadcasting as one of the five best values they receive for their tax dollars. Our peers in the industry share the public's high regard for the extraordinary programming available from public broadcasting. This year, public broadcasting received a total of 11 Peabody awards, nearly one-third of the 34 awarded. Public broadcasting won five primetime Emmys, seven news and documentary Emmys, and 11 daytime Emmys. Nine of the daytime Emmys were for children's programming, marking the 5th straight year that PBS has earned more Emmys for children's series than any other broadcast network. I think it is clear that the vision of Congress in passing the Public Broadcasting Act—to create an institution that would encourage extraordinary, creative programming to educate, inform, and enrich Americans—is being fulfilled daily.

OBJECTIVITY AND BALANCE

We are proud of the recognition public broadcasting receives. We also strive to know and understand the opinions of those who criticize us. And yes, we do have critics—after all, people do have different opinions on most subjects.

As required by the Public Telecommunications Act of 1992, CPB routinely solicits, reviews and disseminates the views of the public on national public broadcasting programming, and considers these comments in making programming and grant decisions. CPB also reports to Congress annually on the public comments it has received.

We responded to the 1992 directives by creating the *Open to the Public* initiative, described more fully later in this submission. In designing it, we strove to achieve a high level of accountability while abiding by congressional prohibitions on interfering in the editorial decisions of other public broadcasting entities and respecting public broadcasting's commitment to decentralization and localism.

Last year, CPB's Board and officers undertook a comprehensive review of its *Open to the Public* policies and procedures to see how they could be updated and strengthened. The review included an examination of the ways in which public broadcasting institutions in the United Kingdom, Japan, Australia, and Canada ensure accountability to their citizens, as well as consultation with leaders of America's national broadcasting organizations to explore ways to expand public comment efforts and assure objectivity and balance in programming.

CPB's Board and officers identified and reviewed a number of enhancements to existing *Open to the Public* policies and procedures. The changes, which are in the process of being implemented, include:

- soliciting feedback in CPB-distributed publications;
- distributing analyses of public comments to CPB executives, the Board, and grant recipients on a regular basis;

- encouraging local stations to develop awareness of *Open to the Public* in their communities;
- requiring CPB-funded producers to include e-mail links on their Web sites to CPB's comment line;
- designating a senior CPB official to act as a point person to whom viewers and listeners can direct comments; and
- working with a representative number of local radio and television stations to develop model public feedback mechanisms.

We hope that these initiatives will encourage the public to share its views with us, and make it easier for us to address their comments.

DIGITAL TRANSITION

This year, public television is nearing the FCC-mandated construction deadline to convert to digital transmission by May 1, 2003, and the public radio transition is about to begin. At our last authorization hearing before this Committee three years ago, we discussed the challenges and opportunities this new technology presents—the need to raise funds from federal, state, and local sources; to purchase and install the equipment; and to create programming and content that takes advantage of the new technology.

Digital Technology and Public Broadcasting

Many have suggested that the digital transition represents the biggest change in the TV medium since the advent of television itself. Digital television (DTV) technology provides a host of opportunities for public television including interactive education and training programs. Digital radio also offers an array of technological opportunities including on-demand personal audio services and assisted living/technology services.

The new technology presents the opportunity to address some of the nation's biggest domestic challenges. We can truly revolutionize the way we use the airwaves not just to entertain, but also to teach, and to work. Interactive TV, for example, permits viewers to watch programs and interact at their own pace with extra features that are “fed” as extra resources within the actual broadcasts. Viewers decide if and when they want more information on a particular program topic and use their TV remotes to call up the additional information on their TV screens. Another innovative feature of digital technology is multicasting. TV signals are split into two or more streams, all airing simultaneously but carrying different programming. These additional program streams could include distance learning for adults, broadcasts of live local events, and full-time children's programming.

Public broadcasters are excited about the potential of the medium. With their long experience in providing exciting educational, cultural, and public service programming, they are uniquely positioned to use the various digital technologies to serve the needs of millions of viewers and listeners of all ages and ethnic backgrounds.

Status of Digital Transition

Today, nearly 20 percent of public broadcasting stations (76 of 356) are able to broadcast a digital signal. Although this does not mean they are fully functioning digital public broadcasting stations, they have crossed the first threshold—transmission of a digital signal. So far this year, 27 stations have converted. My statement includes a complete list of public broadcasting stations that have converted to digital, as of this week.

Many stations are not yet able to purchase the necessary transmission equipment, but have still invested considerable time and resources to prepare for the transition. The total cost for creating fully operational digital public broadcast stations is estimated to be more than \$1.8 billion. Stations have already raised nearly \$750 million of this amount, including \$476 million already authorized or appropriated by the legislatures of 44 states as of July 1, 2002.

The federal commitment in the last three years is just over \$123 million, including grants from the Public Telecommunications Facilities Program at the Department of Commerce and the \$45 million appropriated by Congress to CPB for fiscal years 2001 and 2002. CPB has been given the authority to distribute the \$45 million to public broadcasting stations in consultation with representatives of both television and radio licensees, as required by statute, and these consultations have been on-going for both radio and television. The first grants from the federal money were announced at the end of May, and a list of recipients is attached to my testimony. We expect that the full \$45 million will be awarded by October 2002.

Under the requirements set by the Administration and the Congress, as well as the guidelines issued by CPB, these grants must be put towards digital transmission facilities. Grant applicants must demonstrate that they will inaugurate new

services to the community, and preference is given to projects that provide local educational and rural services and promote efficiency in operations. These awards can be made to individual stations or to multi-station collaborations that will contribute to cost and administrative efficiency.

BEYOND DIGITAL

Public broadcasters are the only broadcasters committed to giving every American access to the important educational services and other critical services that digital broadcasting offers. Our commitment to rural and remote communities means not only ensuring that they are not left behind in the digital transition, but also exploring ways of bringing them additional benefits, for example, broadband.

We are also exploring ways of continuing our leadership in educational programming by using new technology. Tens of millions of Americans—and particularly children—are already benefiting from the educational services available through the Internet, and that number will continue to grow as schools become more adept at using the new technology. CPB recently funded “Are We There Yet?,” a study sponsored by the National School Board Foundation of the ways that schools are using technology. The study found that many schools were not yet tapping the full potential of the Internet, but nearly all respondents expected that the next few years would bring an explosion of Internet use in the classroom.

CPB is supporting five new Internet projects geared at 9 to 12 year olds—the “tweens” who too often fall between the cracks of children and adult programming. These are fun, engaging and educational destinations on the Internet—places that are dedicated to educating children, rather than marketing products to them. The sites are:

- “It’s My Life,” offering a place where kids can share experiences and concerns about the social and emotional issues that affect them, produced by KCTS, Seattle;
- “Don’t Buy It,” teaching tweens to be smart consumers by thinking critically about advertising and media, produced by Castle Works, Inc., New York;
- “Backyard Jungle,” exploring our natural surroundings and showing kids “what’s out there,” produced by Forum One Communications, Virginia;
- “The Plastic Fork Diaries,” questioning whether—and how—what we eat affects who we are, produced by Maryland Public Television; and
- “3D & I,” offering kids a chance to test their eye at design and encouraging them to think about the role of culture and environment, produced by The Doc Tank, New York.

We believe that public broadcasting is uniquely positioned to develop this kind of Web content. Thus far, the kids seem to agree. “It’s My Life” is receiving 150 e-mails a day, many of them containing the word “cool.” There were about 2 million page visits at “It’s My Life” in its first two months of operation, and Yahoo!igans (Yahoo’s kid-friendly search engine) has listed “Don’t Buy It” as a “cool site of the day.” The three other sites will go live by the end of this summer. The sites can be accessed through local public television station Web sites, giving them content with which to reach out to a new audience.

We also believe that the television programming we support is strengthened and enriched by a strong Web component. We now look at programming in a different way, seeing the broadcast program as one element in a mix that always includes an interactive Web site where viewers can access information not included in the broadcast. We also look for imaginative education components for the schools and for strategic community outreach to encourage informed civic dialogue.

We are expanding the ways in which we use existing public television content on the Web. CPB worked with PBS, NPR, WNET in New York, and an independent producer to create a new African-American Web portal, “African American World.” This just-launched site is a treasure house of material—photographs, essays, music, and interviews—providing invaluable information on this critical part of American history. Creating the portal means that the material developed for broadcast—everything from segments of *Morning Edition* to “Soldiers Without Swords,” a film about the black press—will be easily accessible long after the programs have aired.

CPB now provides major funding for the American Film Institute’s Enhanced TV (eTV) workshop. The workshop provides television producers an opportunity to work with world-class technology innovators and designers—who serve as mentors—to tap digital television’s potential to provide viewers with interactive, personalized, and multi-faceted on-screen learning experiences. Entry into the workshop is highly competitive, and we are very proud of the number of public television programs chosen to participate. In 2001, public television programs such as “People Like Us: Social Class in America” and “Accordion Dreams” were accepted into the workshop.

In 2002, two flagship children's series—*Sesame Street* and *Arthur*—will be included, as will two PBS signature series, *P.O.V.* and *Matters of Race*.

SERVING COMMUNITIES

In 1967, Congress created the Corporation for Public Broadcasting, declaring, "It is in the public interest to encourage the growth and development of public radio and television broadcasting, including the use of such media for instructional, educational and cultural purposes." For more than 30 years public broadcasters have used the most current technology available to ensure that all Americans have access to the highest-quality, non-commercial, educational and cultural programming in their homes, schools and workplaces. With more than 1,000 locally controlled public radio and television stations, public broadcasting forms the largest community-based educational and civic institution in the nation.

As our discussion of the Internet demonstrates, much has changed since 1967. There are new issues facing communities and the nation, new technologies that pose challenges as well as opportunities. Despite the many changes, the public policy goals for public broadcasting remain the same—universal access for all Americans to quality non-commercial content and services.

There is no better example of the valuable service that public broadcasters provide than what it has been doing in the months since September 11. The Public Broadcasting Service (PBS), National Public Radio (NPR), and local public broadcasting stations have been on the air with extensive in-depth reporting of the terrorist attacks on the United States, the nation's response, and the underlying issue of international terrorism. Many hours of special coverage have been devoted to keeping the American public informed, helping them understand the unprecedented events, and providing an outlet for local response. As you may know, NPR's coverage of September 11 won a Peabody Award, one of broadcasting's highest honors.

In addition, our stations responded in their own communities by providing much needed services—both on and off air. This was especially true in New York City where WNET, the local public television station, turned over its phone banks to the Red Cross and the Mayor's Office of Emergency Management to operate a 24-hour emergency response center to assist families of the victims with counseling services and information. They also provided temporary workspace to Port Authority staff members who lost nearly 200 of their colleagues in the attack, and to the WNYC-radio staff that was displaced by the World Trade Center attacks.

WNYC, New York City's largest public radio station, was on the air at 8:51 am on September 11, with what may have been the first eyewitness account of the attack on the World Trade Center. While the attacks cut off WNYC's FM transmission and telephone service, several WNYC staffers stayed in the building and continued broadcasting over WNYC's AM signal. Another WNYC reporter was present and providing live coverage from Ground Zero when the south tower collapsed. WNYC reporters played key roles in NPR's around the clock coverage of the attacks for days following September 11.

The special programming and services were not confined to the New York area, as public television and radio stations across the country responded to the needs of their communities.

Now, as we approach the one-year anniversary of September 11, public radio is preparing to air one of its most important programming experiments—the first nationwide Public Radio Collaboration. Producers and stations across the country are working to create a week of locally crafted programming that will help us to understand the way Americans live now, after September 11. We expect that September 3 to 10 will be a week in which public radio once again stands out from the predictable, offering the depth and insight that only public broadcasting provides.

HOW THE PUBLIC BROADCASTING SYSTEM OPERATES

Let me turn now to discussing the way that public broadcasting operates. In contrast to commercial broadcasting, which is increasingly centralized, the public broadcasting system is very decentralized. Every public broadcasting outlet is under local control or ownership; increasingly, they are the only locally owned and operated media outlets in their communities. With local governing boards, community advisors, volunteers, and partnerships with local organizations, stations work to provide programs and services responsive to the needs of their communities. Each local station maintains sole authority and responsibility for selecting, presenting or producing the programs that it airs. Congress placed control of programming with local stations rather than CPB. It ensured this autonomy by prohibiting CPB from owning or operating any television or radio station, system or network, and barring it from producing, scheduling or disseminating programs to the public.

Instead, CPB operates within congressionally prescribed guidelines to provide financial support and services to 560 licensees operating more than 1,000 television and radio stations that deliver educational services and programming to virtually every household in the country. Congress has mandated that a majority of CPB's appropriation be allocated for direct station support. Our obligation to Congress and the American people is to ensure that this money is being spent wisely and efficiently. Our obligation to stations is to insulate them from the political process, and to ensure that their receipt of federal support in no way interferes with their ability to operate as free and independent broadcasters, as prescribed by law.

In addition to our financial support of stations, CPB complies with the statutory requirement of providing funds to producing entities and independent producers to help them develop a wide range of programming that is then made available to local stations. As encouraged by Congress, CPB provides direct program support to PBS through contractual negotiations for a high-profile national program service, which includes series such as *Nova*, *American Experience*, *Sesame Street* and *NewsHour* with Jim Lehrer. CPB does not provide direct program support to NPR, which competes with other producers for CPB radio program funds on a program-by-program basis. CPB also provides programming dollars to entities such as the Independent Television Service (ITVS), five separate entities collectively known as the National Minority Consortia, and many independent producers and producing organizations, all of which are entirely independent of CPB. This enables stations to acquire programming independently from a wide variety of sources.

Public television stations choose their programs from the following sources, among others:

- PBS, which provides more than 1200 hours a year of children's, prime time, and other educational programming from which its member stations can choose.
- APT, which acquires programs that may be purchased by stations on a title-by-title basis. These include series and specials such as *Nightly Business Report* and *Julia & Jacques: Cooking at Home*. APT also maintains the largest source of free programming available to U.S. public television stations.
- ITVS, which funds, distributes and promotes independently produced television programs such as "An American Love Story," "Digital Divide: Technology and Our Future," and "The Farmer's Wife."
- The National Educational Telecommunications Association (NETA), which annually distributes about 2,000 hours of programming—produced by public television stations, other entities and independent producers—via satellite to stations nationwide.

Public radio stations also get their programming from a wide variety of sources:

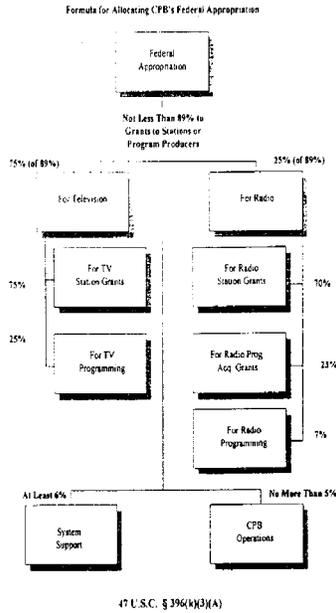
- Local productions typically account for about half of programming. In the Washington, D.C. area, for example, WAMU's *The Diane Rehm Show* and *Stained Glass Bluegrass*, to name just two programs, are locally produced, as is much of WETA's classical music programming.
- 36 percent is from NPR, including news and information programs like *Morning Edition*, *All Things Considered*, and *The Tavis Smiley Show*, cultural programming like *Jazz from Lincoln Center* and *The Thistle and the Shamrock*, and entertainment programming like *Car Talk* and *Wait, Wait... Don't Tell Me!*
- 10 percent is obtained from PRI, which distributes programs like *Marketplace* and *A Prairie Home Companion*; and
- 5 percent is from other producers, including other public radio stations. For example, *The Diane Rehm Show*, produced at WAMU, is heard on stations around the country.

HOW CPB DISTRIBUTES ITS APPROPRIATION

CPB distributes its funds based on a formula set forth in the Communications Act of 1934, as amended (47 U.S.C. 396(k)(3):

- At least 6 percent of its appropriation for certain statutorily enumerated expenses for the system of stations (i.e., music royalties, interconnection expenses, ITVS and minority consortia operational expenses, etc.)
 - Not more than 5 percent for administrative expenses
- The remaining 89 percent is allocated to stations as follows:
- 75 percent for public television
 - 75 percent of which is for grants to television stations
 - 25 percent of which is for television programming
 - 25 percent for public radio
 - 70 percent of which is for radio station grants
 - 23 percent of which is for radio program acquisition grants

- 7 percent of which is for radio programming
- A schematic diagram of the flow of the funds is as follows:



GRANTS TO STATIONS

The statute directs CPB to provide a grant to each station in accordance with eligibility criteria and on the basis of a formula designed to (1) provide for the financial needs and requirements of stations in relation to the communities and audiences such stations undertake to serve; (2) maintain existing, and stimulate new, sources of non-federal financial support for stations by providing incentives for increases in such support; and (3) assure that each eligible licensee and permittee of a public station receives a basic grant (47 U.S.C.A. 396(k)(6)(B)).

Local television and radio stations are the bedrock of the public broadcasting system. They are community institutions working in partnership with schools, libraries, and other community organizations to provide news and information, children's, local public affairs, and cultural programming for their viewers and listeners. There are many types of stations—state networks that provide service across an entire state and receive significant support from their state government; tiny rural stations that offer the only local news in a town or a region; major city stations that produce national programs; joint licensees that operate both public television and radio stations; and stations owned by universities or school systems. Each of these stations is governed by its own board of directors, provides its own brand of program options, and faces its own challenges in meeting its financial obligations. CPB's grant structure, while complex, represents our best efforts to respond to the multiplicity of needs facing public broadcasters.

PUBLIC TELEVISION STATIONS

Television Community Service Grants

Almost 50 percent of the money CPB receives is set aside for direct grants to public television stations, known as television community service grants or CSGs. A full-power station operating under a noncommercial, educational Federal Communications Commission (FCC) license qualifies for a CSG if it meets minimum requirements including a minimum level of non-federal financial support, a minimum broadcast schedule, and bookkeeping and programming standards.

The CSG is divided into two parts. The first part is the base grant, a percentage of the federal appropriation. In FY 2002, the base grant is \$385,000. Designated overlap stations (that is, stations that share a market) share a single base grant

for that market. The second part is an incentive grant designed to reward a station according to the amount of non-federal financial support it raises. Every CSG qualifying station receives the incentive part of the grant, which encourages the development of non-federal revenue, as prescribed by the statute.

As required by statute, stations use CSGs for purposes “primarily related to the production or acquisition of programming.” Grant amounts vary widely from station to station, based on the amount of non-federal support that each station raises. CPB monitors grant spending through a combination of routine reporting requirements and direct audits conducted by CPB’s Office of the Inspector General.

In addition to the CSGs, CPB will provide two other types of grants to television stations beginning in 2003—the local service grant and the distant service grant. These grants are based on formulas arrived at after extensive consultation throughout the system—with representatives of APTS and PBS, but primarily with station general managers who appreciate the sharply different needs of stations throughout the system. The formulas that they developed are complex, but strike an extraordinary balance between providing support to all and offering special help to those who need it. In this, they reflect the statute’s policy goals by working to maintain universal service. This translates into making extra help available to stations providing services to small and rural communities; encouraging support from local private and public sources; and encouraging efficiency.

Local Service Grants. CPB recognizes the special needs and challenges of small stations and the important role they play in providing universal access to free, over-the-air local public television. For that reason, CPB will provide additional incentives to stations with less than \$2 million in non-federal financial support. The grants are intended to strengthen local services such as outreach initiatives, educational projects and services, operational efficiencies, implementation of best practices, financial planning, and professional development.

Distant Service Grants. To recognize the additional costs of serving multiple communities and the efficiency of multiple transmitter operations, and to further the goal of universal service, CPB will provide larger grants to single grantees who operate three or more transmitters (stations). The grants will be used to strengthen services, including outreach, educational workshops and training, and local content, in these communities

The complete CSG policy is attached for your review.

PUBLIC RADIO STATIONS

Radio Community Service Grants (CSGs)

Under the statute, CPB provides 15.6 percent of its total appropriation to 384 grantees who operate approximately 700 public radio stations that qualify for radio CSG funding. The grants are designed to address the disparate needs of urban and rural stations. These stations provide outstanding, award-winning news and information, arts and entertainment programming, as well as valuable community services. Sometimes they represent the only local broadcast signal—commercial or non-commercial—that a rural community receives. CPB also offers special funding incentives for nearly 60 minority grantees and more than 100 grantees operating in rural environments.

A licensee or permittee of a radio station operating under a noncommercial, educational FCC license is eligible to receive a CSG if it satisfies certain minimal requirements relating to power, staff size, on-air time, financial viability, access to non-Federal financial support, record keeping, and programming. Higher grant amounts are available to public radio stations meeting a minimum standard of public service as measured either by the average quarter-hour listening audience, or by the level of local fund-raising support.

Grants for Programming

CPB is prohibited by law from producing or distributing programming. However, CPB actively encourages promising TV and radio projects, supports independent producers, and helps fund productions by and about minorities. CPB provides funding to the Public Broadcasting System (PBS) to support the National Program Service, and CPB’s Radio Competitive Funds are the major source of funding for new national radio programs.

Television Programming

CPB provides an annual grant to support the National Program Service (NPS), the package of television programming that is fed by satellite to PBS member stations in return for their dues payments. This includes signature series like *NewsHour with Jim Lehrer* and PBS Kids children’s programming, as well as the Sunday-through-Friday prime time schedule. In FY 2002, CPB is providing \$22.5

million for the NPS. These funds, which CPB does not administer, support scores of individual programs and provide continuing support for some of public television's signature series.

In addition, CPB matches the stations' contribution to the PBS/CPB Program Challenge Fund, which is intended to stimulate the development of high-impact, innovative television series such as *Frontier House* and *American Family*, as well as programs such as the critically acclaimed "Commanding Heights."

CPB also administers a General Program Fund, used to fund educational projects and television programming. It supports a number of proposals on selected topics of national interest that meet the highest standards of excellence. Past projects include *Masterpiece Theater's American Collection*, "Accordion Dreams," and the Memorial Day and July 4th Concerts. High priority is given to programming that illustrates America's rich cultural heritage and ethnic diversity.

CPB also provides administrative and programming funds to five multicultural groups known collectively as the National Minority Programming Consortia (National Asian American Telecommunications Association; Native American Public Telecommunications, Inc.; National Black Programming Consortium; Pacific Islanders in Communications; and Latino Public Broadcasting). These groups reallocate funds to producers for the development of programs of diverse content.

In FY2001, CPB established the Diversity Fund to encourage public television projects that help people think about the complexity and beauty of America's contemporary multi-cultural society. Two projects supported by the Diversity Fund will air on PBS this fall. *The Rise and Fall of Jim Crow* is a four-part series that will fill the gap between *The Civil War* and *Eyes on the Prize* in public television's filmed record of American history. *Muhammad: Legacy of a Prophet* will explore how Muhammad's early 7th century teachings transformed the world and continue to shape the lives of approximately 1.2 billion Muslims worldwide, including an estimated 7 million in America.

As directed by Congress, CPB also provides annual programming support to ITVS, which in turn, provides production grants to independent producers developing projects intended for public broadcasting. This support helps CPB meet its statutory requirement that it provide "adequate funds for an independent production service." ITVS's work is of high quality—one program, "Still Life with Animated Dogs," won a Peabody Award this year—and ensures that public television benefits from the strong voices of independent producers whose stories resonate particularly with underrepresented and underserved audiences.

Radio Programming

Since 1987, CPB has directly supported the production of radio programs intended for national audiences. Throughout its history, CPB has awarded about three of every four radio programming grants to national projects by or about ethnic groups and to projects by independent producers. All CPB-funded radio programs are made available nationally to all public radio stations. CPB continues to give highest consideration to excellent, balanced, and innovative programming from diverse sources.

In addition, all Community Service Grant recipients are required to use approximately 30 percent of this grant for the purpose of purchasing or producing programming of national interest. These grants ensure the availability of some of the best programming public radio has to offer by targeting use of the funds to the purchase or production of national programming.

System Support Funds

By law, CPB spends at least 6 percent of the funds it receives to support the public broadcasting system, as opposed to individual stations or producers. CPB often supplements this amount with funds from its administrative allocation.

System support expenditures include:

- Interconnection grants. These are provided to public television stations specifically to purchase or maintain equipment allowing each local station to receive or deliver signals via satellite. By law, half of the interconnection costs for television are funded with system support funds through these grants.
- Music royalty fees for broadcast and Internet use for all CPB-funded public television and radio stations, as well as for NPR and PBS.
- Operational costs for ITVS and Minority Consortia.
- Promoting work force diversity and career development for minority producers.
- Financing public broadcasting award programs, strategic planning, and research into new technologies.

As advised by the stations, CPB established Future Funds for both television and radio. These are also funded through the system support account, as the Future Fund programs are intended to improve the system of stations and its services over-

all. For example, CPB funds are being used to support a business integration plan, financial analysis and an operating agreement to build a jointly controlled “master control” and “store and forward” system for a collaboration of stations in the Pacific Northwest; the lessons learned will be important as public broadcasters seek to pool resources for greater efficiency. Future Fund grants were made to create a portal site for all arts organizations in Wisconsin; to launch an on-line education service in Maryland; and to support a national digital TV clearinghouse.

Over the past five years, Television and Radio Future Fund projects have allowed stations to learn from the best practices of others and either saved or raised seven dollars for every dollar invested. These savings and increased revenues have allowed public broadcasters to provide the kind of innovative, high-quality programming that continues to distinguish public broadcasting from other noncommercial and commercial broadcasting, despite our many funding challenges and rapidly rising costs.

CPB Administrative Operations

In 1988, Congress set CPB’s administrative budget at a fixed level with annual increases to be based on the Consumer Price Index or 4 percent—whichever is higher. In no instance may the administrative costs exceed 5 percent of the total appropriation.

CPB’S OVERSIGHT OBLIGATION

Compliance with Funding Requirements

The Public Broadcasting Act of 1967, as amended, and federal appropriations place responsibilities on CPB for the distribution, use and reporting of appropriated funds. This responsibility extends to entities receiving CPB funds. External oversight to monitor their compliance with CPB funding criteria is a primary responsibility of the Corporation. In addition to its own grant administration policies, CPB is aided in this regard by its Board of Directors and its Office of Inspector General.

CPB Board of Directors

The CPB Board of Directors is comprised of nine members, appointed by the President and confirmed by the Senate. While the entire Board is charged with oversight, the CPB Audit Committee is the initial vehicle that the Board of Directors uses to discharge its oversight responsibilities under the laws and regulations governing the Corporation. Principal among these is compliance with the Public Broadcasting Act of 1967, as amended, and oversight of funds appropriated annually to public broadcasting. These responsibilities extend to oversight of corporate programs, functions and activities established to manage and control the Corporation’s utilization of funds.

Office of Inspector General

In 1989, the CPB’s independent Office of Inspector General was created for the purpose of improving efficiency, economy and effectiveness of CPB operations and programs, and preventing and detecting possible waste, fraud and abuse. The CPB Board Audit Committee and CPB Management work with the OIG to establish a program for review of the adequacy of systems of financial management and internal controls to ensure accurate and complete reporting, compliance with applicable rules and regulations, and safeguards over CPB resources. This includes requiring stations to submit to audits and keep their books in compliance with CPB policies (47 U.S.C. § 396(1)(3)).

Compliance with Content Oversight Obligations

Sections 396(g)(1)(a) and 396(g)(1)(d) of the Act state, “(1) In order to achieve the objectives and to carry out the purposes of this subpart, as set out in subsection (a) of this section, the Corporation is authorized to:

(a) facilitate the full development of public telecommunications in which programs of high quality, diversity, creativity, excellence, and innovation, which are obtained from diverse sources, will be made available to public telecommunications entities, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature...[and]

(d) carry out its purposes and functions and engage in its activities in ways that will most effectively assure the maximum freedom of the public telecommunications entities and systems from interference with, or control of, program content or other activities.”

Our current activities designed to meet these statutory requirements fall into four general categories:

Soliciting Public Comment. In 1993, the CPB Board and management established the *Open to the Public* initiative in order to encourage viewers and listeners to voice their opinions through:

- A toll-free, 24-hour telephone line (1-800-272-2190)
- A U.S. post office box (P.O. Box 50880, Washington D.C. 20091)
- A dedicated e-mail address (comments@cpb.org)

Virtually all public radio and television stations maintain similar audience response services, as do the national organizations, such as PBS, NPR, and PRI, as well as many other program producers and providers. CPB provides links to these organizations through its Web site. Earlier in this testimony, I discussed our plans to strengthen our *Open to the Public* initiative.

Monitoring Public Perceptions. In addition to public comment, CPB considers other impartial indicators, including journalism awards, independent polling data and press reports, to help gauge perceptions of quality, as well as objectivity and balance. PBS and NPR also conduct regular independent surveys and focus group opinion studies, which we review and sometimes participate in.

Addressing Concerns. CPB staff meet frequently with producers and station representatives to learn more about projects in development, plans for community dialogue, and special outreach efforts to ensure a variety of perspectives. When controversial programming generates public interest, CPB routinely communicates such comments to the appropriate producer or programmer and seeks further information or clarification.

CPB Program Funding. It has been CPB's long-standing policy to support a wide variety of programming sources and distribution channels, so that local programmers—and viewers and listeners—have a wide number of program choices. Programming content for stations, therefore, comes from PBS, NPR, PRI, APT, many independent sources, and from local sources, including the station. Each local station ultimately decides which programs to carry and when to carry them, and decisions about controversial programs are vested, by law, in individual stations.

Program proposals are evaluated on the basis of comparative merit by CPB staff and panels of outside experts, representing diverse interests and perspectives. Balance and objectivity are important criteria for program proposals concerning topics of a controversial nature. Any resulting CPB program contract requires that a recipient's production meet all applicable standards of journalistic ethics, including issues related to fairness.

CONCLUSION

Since its creation by Congress in 1967, CPB has worked diligently to fulfill its mission of promoting a dynamic, independent and trusted public broadcasting system. I believe that CPB has and continues to meet its obligation to help provide the American public with a range and quality of programming and services unrivaled by any other broadcast service.

Particularly in times such as these, public broadcasting offers the American people a trusted source for in-depth news coverage, a safe haven for our children, and a public square that brings us together to share our experiences and look forward to our common future.

I appreciate the opportunity to provide you with this information on the workings of the public broadcasting system, and I am happy to answer any questions you might have. Thank you very much.

DTV Timeline
(bolded deadlines apply to public broadcasting)

April 1, 2002	DTV licensees on-the-air must simulcast 50% of their analog Schedule
May 1, 2002	All commercial stations must build digital facilities
August 27, 2002	Date which FCC intends to begin auction of reallocated spectrum that is currently occupied by broadcasters operating on channels 52-59.
January 14, 2003	Date which FCC intends to begin auction of reallocated spectrum that is currently occupied by broadcasters operating on channels 60-69.
May, 1, 2003	All noncommercial stations must build digital facilities unless receive extensions - (up to a year)
April 2004	DTV licensees must simulcast 75% of their analog schedule
December 31, 2004	Commercial stations must provide an increased city-grade service level to their communities of license with their DTV signal
April 2005	Stations must simulcast 100% of their analog signal on their digital signal
December 31, 2005	Stations that have been operating on a single channel due to a spectrum clearing arrangement (on channels that have been reallocated and auctioned off for such future use) must construct their digital facilities
December 31, 2005	Noncommercial stations must provide an increased city-grade service level to their communities of license with their DTV signal
December 31, 2006	All analog broadcast licenses expire except for those markets which have not reached 85% market penetration

76 Public Television DTV Stations On-Air as of July 2002

Digital in 2002

WFSG Panama City, FL
 WLED Littleton, NH
 WMEM Presque Isle, ME
 WMEB Bangor, ME
 WHA Madison, WI
 WVTA Windsor, VT
 WTVI Charlotte, NC
 WTTW Chicago, IL
 WHRO Norfolk, VA
 WKAS Ashland, KY
 KLVX Las Vegas, NV
 WPBY Huntington, WV
 KBME Bismarck, ND
 WKPI Pikeville, KY
 WKSO Somerset, KY
 WKPD Paducah, KY
 WKOH Owensboro-Henderson, KY
 WKMU Murray, KY
 WKMA Madisonville, KY
 WKGB Bowling Green, KY
 WNJN Montclair-Little Falls, NJ
 WUNP Roanoke, NC
 WKHA Hazard, KY
 WKMR Morehead, KY
 WCVN Covington, KY
 WUNK Greenville, NC
 WUNU Lumberton, NC

Digital in 2001

WUNC Raleigh, NC
 WKZT Elizabethtown, KY
 WUNL Winston-Salem, NC
 WUNE Linville, NC
 WQLN Erie, PA
 KPBS San Diego, CA
 KNME Albuquerque, NM
 WKLE Lexington, KY
 WKON Owenton, KY
 WUND Columbia, NC
 WTVP Peoria, IL
 KAID Boise, ID
 WVPT Harrisonburg, VA
 KUED Salt Lake City, UT
 KDIN Des Moines, IA
 WUNG Charlotte, NC
 WNET New York, NY
 WSRE Pensacola, FL
 WPBT Miami, FL
 KUHT Houston, TX
 KAET Phoenix, AZ
 WVIA Pittson, PA
 KERA Dallas, TX
 WNYE Brooklyn, NY

Digital in 2000

WGBY Springfield, MA
 WRLK Columbia, SC
 KCET Hollywood, CA
 WMPT Annapolis, MD
 KQED San Francisco, CA
 WHYY Philadelphia, PA
 WLPB Baton Rouge, LA
 WLVI Allentown, PA
 WENH Durham, NH
 KNPB Reno, NV
 WTVS Detroit, MI
 KBYU Salt Lake City, UT
 KOAC Corvallis, OR

Digital in 1999

KRMA Denver, CO
 WKPC Louisville, KY
 WCBB Augusta, ME
 KTCA St. Paul/Minneapolis, MN
 WNJT Trenton, NJ

Digital in 1998

KCTS Seattle, WA
 KOPB Portland, OR
 WETA Washington, DC
 KCPT Kansas City, MO
 WMPN Jackson, MS
 WITF Harrisburg, PA
 WMVS Milwaukee, WI

**DIGITAL TRANSITION FUND GRANTEES
MAY 2002**

WKYU (Bowling Green, KY)
 WFSU (Tallahassee, FL)
 KGFE (Crookston, MN)
 WNYE (New York, NY)
 KRCB (Rohnert Park, CA)
 KUED/KULC (Salt Lake City, UT)
 WUFT (Gainesville, FL)
 KSMQ (Austin, MN)
 KTCA (St. Paul, MN)
 KAID (Boise, ID)/KCWC (Riverton, WY)/KNBP (Reno, NV)
 WCML (Mt. Pleasant, MI)
 WMEC (Springfield, IL)
 WOUC/WOUB (Athens, OH)
 WHTJ (Charlottesville, VA)
 WGCU (Ft. Myers, FL)
 KUAT (Tucson, AZ)
 KCSM (San Mateo, CA)
 KLVX (Clark County, NV)
 KAKM (Anchorage, AK)/KYUK (Bethel, AK)/KUAC (Fairbanks, AK)/KTOO (Juneau, AK)

**Report from the Community Service Grants Review Panel
October 24, 2001**

The Public Broadcasting Act requires periodic review of the grant process and criteria (47 USC 396(k)(6)(B)). The Community Service Grants review panel is made up of station managers and representatives of public broadcasting that are tasked to review the community service grant criteria and process. The panel met in Chicago on October 9 and 10 to continue its' review and discuss the policy governing the distribution of CPB's Community Service Grants. This report includes draft recommendations for changes to the distribution of the CSG which were sent to station general managers for their review and comments. The panel will review the input from the stations at its' meeting in November and the recommendations will then be presented to the CPB Board of Directors in December.

These recommendations flow from the opportunity to gauge the effect of the changes implemented in 1996 and 1998 with the advantage of several years of data and a very different, and yet still uncertain, legislative and regulatory environment.

The panel began its' meetings in January of this year with a review of the statutory language that provides the framework for the distribution of the Community Service Grant. The statutory language directs CPB to conduct periodic consultation with television licensees to review eligibility criteria and the formula for distribution of the CSG. The distribution formula shall include a basic grant and an incentive designed to "maintain existing and stimulate new sources of non-Federal financial support (NFFS)" which are based on statutory criteria.

The panel is keenly aware that any change in the distribution of Community Service Grants will impact all stations. And, once a shift in funds is implemented, it becomes the status quo. The panel feels that the underlying principles guiding distribution changes in 1996 and 1998 remain sound. These policy changes were designed primarily to encourage self-sufficiency and develop efficiencies in order to strengthen funding for national and local services. The panel's recommendations will further clarify those policy directions and will strengthen support for local public service. The panel has had the benefit of five years of trend data for analysis of the effects of prior policy implementation.

Policy Goals

The panel reaffirmed several principles to guide the policy discussions.

- Funds should be distributed in a manner that will support universal access to a free, local public broadcasting service.
- Implementation of any policy change shall be accomplished with the least amount of negative financial impact on the maximum number of grantees.
- It is appropriate to aggregate funds from the CSG pool to support initiatives of benefit to all stations or to large groups of stations.

Policy precedent for Small Stations

In 1996, changes were made to the distribution of the Community Service Grant in an effort to preserve universal access to a free over-the-air local public television service. Federal funding was in decline, limiting the pool of funds for distribution and creating significant financial hardship for the smallest of stations that rely heavily on federal support to supplement the funding that can be raised locally from small, and often rural, populations. Prior panels recommended two significant changes in 1996 and another in 1998 that were meant to help the smallest of stations and those in financial hardship “transition to self-sufficiency.” The 1996 panel endorsed the principle of aggregating funds from the CSG pool, and the formation of a Transition Fund to provide stations with support for local projects to enhance revenue and explore operating efficiencies. In addition, emphasis was given to provide the smaller stations with added support. In 1998, a Special Assistance Grant was developed to provide small stations with funds to assist in the planning for digital conversion. The Transition Fund and the reallocation of the base grants were reaffirmed in the 1998 review.

The current panel reviewed the effect of the Transition Fund and the Special Assistance Grant on small stations’ financial health to determine any unintended negative consequences of the changes in distribution. The panel heard from many small station managers on the value of the Transition Fund for managers and staff. The panel looked at data that compared the growth of NFFS among this station cohort against the total station population and noted that small stations as a group increased their NFFS by a higher percentage than the population as a whole. The panel also heard from small station managers that the Special Assistance Grant provided them with critical funds for local service and strategic planning.

Support for Small Stations

The panel’s recommendations targeted to small stations build on prior policy.

- Qualifying small stations are eligible for a Local Service Grant.

All stations with NFFS of less than two million dollars are eligible to apply for a Small Station Local Service Grant (*this replaces the Special Assistance Grant*). These grants will be distributed on an annual basis subsequent to the qualifying grantee agreeing to the terms of use of this grant. The grant will be awarded in inverse proportion to the NFFS level of the pool of qualifying grantees. Grantees must agree to use the funds in support of local services such as: outreach initiatives; educational projects and services; operational efficiencies; implementation of best development practices; financial planning; professional development. The continuation of this program does not create a significant shift in the distribution of the CSG pool.

- The Transition Fund should be continued.

The panel recommends maintaining the Transition Fund, making it available to all stations with NFFS of less than two million dollars annually and supporting the fund from the CSG pool at a level of not more than \$1 million annually with the funds being replenished only when the balance falls below the one million dollar threshold. By replenishing the fund as needed, CSG funds are not held in a “fund account” by CPB but rather are drawn into service to small stations when the fund is drawn down. This returns \$1.5 million to the CSG pool.

Policy Precedent for Grantees Serving Multiple Communities

The review looked closely at the effect of the 1996 recommendation to discontinue multiple base grants to single grantees operating multiple transmitters serving communities and populations distant from the grantees principle offices. In order to provide local or localized

services, these grantees experience great pressure on their financial and human resources. In addition, with multiple communities to serve, grantees are often unable to support the needs of very different communities – urban and rural, Native American and Hispanic—without additional financial support for those efforts. Although many of these distant service providers realize significant efficiencies by operating multiple transmitters from a single operation, we believe that efficiency comes at a cost to local service.

The panel discussed and reviewed many models and scenarios that might accomplish this policy objective. Market, population and transmitters were looked at as factors indicating challenges to providing service. The recommended formula, one that uses 3 or more transmitters (with 10 translators equaling one transmitter) as a proxy for distance, identifies the appropriate service providers, provides meaningful support and yet limits the distribution pool sufficiently to minimize the total amount of funding reallocation.

Support for Grantees Serving Multiple Communities and Distant Populations

The recommendation for grantees providing distant services is as follows: In recognition of the goal of universal service, the efficiency of multiple transmitter operations and the additional costs of serving multiple communities, the base grant for operators of 3 or more transmitters will be increased. The proposed formula is 5% of the base grant for the third transmitter; 7.5% of the base grant for the fourth transmitter, and; 10% of a base grant for the fifth, sixth, seventh, etc. transmitter for each transmitter up to a maximum of 80% of a base grant. It is the intent of this grant to support local service to multiple communities and distant populations.

Policy Precedent for Overlap Markets

In the 1996 policy review, the panel recommended the designation of 18 markets as “overlapped” and began a process of transitioning these stations to a single base grant per market to be shared among all qualified grantees within that market. In order to reduce the financial dislocation this policy change would have on the smaller stations within overlap markets, the panel recommended splitting the base grant in inverse proportion to stations’ NFFS for a period of three years, after which the grant would be split equally among stations within the designated market. This policy was meant to encourage stations to reduce operating infrastructure and was accompanied by an Overlap Market Fund. For a period of three years the money previously distributed to those markets as multiple base grants was held in reserve. Those stations in designated overlap markets were eligible to apply for funding to support collaborative efforts that would lead to operating efficiencies.

Progress has been made toward reducing infrastructure in several designated overlap markets. Undistributed base grants are no longer aggregated but now flow back into the overall CSG pool. In 1998, the policy review panel reaffirmed the policy of a single base grant per market for this group of stations, however the panel recommended maintaining the inverse split of the base grants among grantees.

Many comments were received from stations in designated overlap markets about this policy. Managers were persuasive in their contention that rather than see these markets in terms of an overbuilt infrastructure, many grantees should be seen as serving un-served and underserved audiences in our nation’s largest markets. The panel agreed that the current policy could indeed encourage programming and service duplication and competition among grantees rather than collaboration and cooperation in service to the market.

Support for Grantees in Designated Overlap Markets

Several recommendations continue the policy set forward in 1996. The panel feels it is inappropriate to return to one base grant per grantee in these markets, and recommends that base grants be split equally among grantees in designated overlap markets, as was originally envisioned in the 1996 review.

The panel recognizes that an equal split of the base grant will create a financial dislocation for the smaller stations within these multi-station markets and that the greatest negative impact will fall on the smallest of stations.

Many grantees in designated overlap markets provide distinct services to their communities. In recognition of the need to encourage diverse program services reflecting the wide-ranging needs of un-served and underserved audiences, CPB will increase the incentive match for stations in designated overlap markets that substantially differentiate their programming and services from the market's primary station. A primary station is defined as the station in the market with the greatest NFFS. A station is considered substantially differentiated when its mission and service are reflected in broadcast content that is primarily targeted to un-served and underserved audiences and/or provides an alternative to the primary station. That is, a station that provides: Non-English language programming; ITV or other educational broadcast content; national content that is non-duplicative of the primary station in its content and/or time of day (time-shifted). The desired outcome of this policy refinement is to increase diverse local services within multi-station markets. The panel continues to refine the specifics of this formula for the increased match and likely will recommend a cap on the amount of NFFS that will be matched at the higher rate.

Aggregated Funds

The panel discussed the need to continue the progress in shared and collaborative infrastructure, and recognizes that the need to help stations prepare for collaborative infrastructure is now central to the future. While PTFP grants and other digital funds from local, federal and state sources are available to help offset equipment needs, there are no funding sources to assist in the planning and process involved in the difficult task of sharing new digital distribution entities or other collaborative infrastructure opportunities. One recommendation is that one million dollars be set aside from the CSG pool for each of the next three years to support these collaborative efforts and that the funds be provided for the purpose of supporting the critical process that must proceed the successful implementation of shared infrastructure.

The panel reviewed projects completed and underway which are supported by the TV Future Fund, and encouraged CPB staff to be diligent in disseminating the outcomes and findings of all projects so that all are aware of the benefit from the investments. The Future Fund plays a crucial role for public television stations as the only source of funds for new and innovative projects and initiatives. By aggregating funds, public television can continue to explore new technology, build traditional skills and keep pace with significant changes in our industry. The panel endorses maintaining the Future Fund at its current funding level of four million dollars from the CSG pool and recommends that CPB continue to match the fund with an additional four million dollars from System Support for a period of three years or until the next policy review.

Minimum NFFS

The panel also reviewed concerns expressed regarding the minimum NFFS level. In the 1998 panel review, the minimum level of NFFS was ramped up from \$650 thousand in 1999 to a target of \$1 million in 2003. This target was projected to be the minimum necessary to support a station operating in both analog and digital transmission environments. There were several factors that influenced our recommendation. The digital transition appears to have slowed, if not stalled, with regard to digital broadcast and we determined that the ramp-up was too steep. One recommendation is that the minimum NFFS be held at the current level of \$800 thousand for the next three years.

The future requires that every possible efficiency be taken advantage of in order to maximize service to the American people. The environment has shifted and changed significantly since the current review process began in January, but the panel is grounded in strong public policy and service goals, particularly those that emphasize local and diverse services. The panel has sought to make certain changes and course corrections that, if proven to be appropriate, can be further built on in the future. The panel has kept at the forefront of discussions the principle of creating the minimum negative financial impact on the maximum number of stations while addressing issues effecting subsets of stations in the system.

Mr. UPTON. Thank you.
Ms. Mitchell?

STATEMENT OF PAT MITCHELL

Ms. MITCHELL. Thank you, Mr. Chairman. As I enter my third year at the helm of PBS, I am grateful for this opportunity to hear from other shareholders in public broadcasting and to share with you some good news about the investment that you have made in PBS.

Much has changed in the 35 years since Congress recognized the need for a media enterprise that was dedicated to serve the public rather than sell them. We believe that the need for a public broadcasting service is even greater today in a media landscape that is merging, converging, consolidating, and changing with new technologies.

But what hasn't changed is how public broadcasting goes about delivering on its mission referenced by Mr. Burr and others to inform, inspire, educate, and engage. We will be doing all the more of this with the digital technologies, which Mr. Lawson will talk about later.

I want to talk about what we are doing now and will continue to do that is valued by the constituents that you and we serve.

To begin with, we are local. PBS is a membership organization with 349 local public television stations, locally licensed with local autonomy. In fact, in many communities public broadcasting is the last locally owned media enterprise.

Now this means that the best in national and international content distributed by the stations by PBS is connected locally, and its impact is extended through educational and outreach activities, all grounded in a community's needs and values, and often in association with other community groups. But local stations schedule as their community sees fit.

We call of this points of impact. Often the greatest impact for a PBS program is after the television is turned off. That is where the educational part of our mission continues.

PBS is the top choice of American teachers for classroom video, more than 40,000 video clips free available. PBS is the leading source of free online lesson plans for America's teachers with more than 3,000 developed from our prime time programming meeting State standards. PBS is the top provider of distance learning with more than 5 million Americans earning college credit through our distance learning programs.

Our educational mission is also front and center when you look at the programming we provide for children and parents. Three generations of parents have raised their children with "Sesame Street" and "Mr. Rogers," and we continue that now with 30 programs a week, all of them popular as well as educational.

The top six shows among kids 2 to 5, the top three shows for kids 2 to 11, are all on PBS. And in a viewers' survey this spring PBS was named the trusted media brand, above all others, among American parents.

Children, parents, and caregivers are also help by the services that PBS and its member stations provide through Ready-to-Learn

funding which Congress saw fit to increase in this year's ESEA legislation.

Again, the points of impact are measurable. Parents who participate in Ready-to-Learn Programs read longer and more often with their children, and their children watch 40 percent less TV.

At an event at the White House in May, President Bush recognized PBS's role in education and he celebrated the Ready-to-Learn Program. We are pleased that the First Lady has agreed to be the Honorary Chair for PBS's reading campaign.

Someone once described, Mr. Chairman, PBS's programming as programming for the neck up. I like to go a little further down and include the heart, as PBS prime time series certainly include America's favorites.

We are committed the diverse voices, the points of view, and the cultural backgrounds that mainstream media often overlooks. This year PBS, with funding from CPB, broadcast the first ever prime time drama series about a Latino family. It was just named the best family drama series on television by the Family Friendly Forum of Advertisers.

Our charter with Congress also calls for fair and balanced presentation of all issues. Gratefully, our viewers' surveys, which we have shared with the leadership of this committee, indicate that our programming is largely perceived to be balanced and without bias.

However, as some members of this committee have expressed concerns about the perception of bias, I want to assure you, Mr. Chairman, that we take the concerns about bias, real or perceived, very seriously and are committed to understanding them and reversing them.

We, however, bar high on quality, too, as PBS programming receives more awards for journalistic excellence than other broadcast entity.

I am sure this committee shares our concerns about a coarsening media culture with violent dramas, sexually explicit talk shows, mindless reality programs. It seems that television has gone from Ozzie and Harriett to Ozzy Osbourne, and from "Firing Line" to the "Weakest Link."

PBS is going to stay the strongest link. We are going to tackle the tough, the complex subjects that others will not, and those gain relevance in times of crisis, as they did after September 11.

Our documentaries on Osama bin Laden and the history of the Muslim faith, produced months and broadcast months before the events of September 11, gained significance in bad times, but were possible because we are committed to serving in good times as well.

So, Mr. Chairman, when the question is asked, do we really need public television when we have all these other channels and more to come, my answer is, "More than ever and more to come with digital." We serve nearly 100 million Americans a month. On any given night, PBS has twice the audience of any cable channel, and 12 million visitors a week go to pbs.org, making it the single most visited website in the world.

But we don't measure our impact by the numbers of people who watch or who come to visit our websites. We measure it by the re-

lationship we have with them, the ways that our content and services positively impact their lives.

So, in conclusion, Mr. Chairman, one more bit of evidence that supports our conviction that public broadcasting is a national treasure deserving this committee's support, appreciative of it, and looking for a vital future: The Japanese Public Broadcasting System recently did a wide public survey of all citizens in Japan, England, and the United States, asking questions about their public broadcaster.

What emerged is PBS is the most trusted, most reliable, most valued public broadcaster in the world. Citizens, American citizens, who have more media choices than any others in the world, said PBS is necessary and a great value for the investment. It seems like good news at a time when investments, and your investment for more than three decades, has paid off, delivered results to the real shareholders in this enterprise, American citizens and viewers like you.

Thank you, and I look forward to your questions.
[The prepared statement of Pat Mitchell follows:]

PREPARED STATEMENT OF PAT MITCHELL, PRESIDENT AND CEO, PUBLIC
BROADCASTING SERVICE

Mr. Chairman, I am grateful for the opportunity to provide you and this esteemed Committee of public television stakeholders an update on PBS's activities and to respond to your questions.

Much of what we know as broadcasting has changed in the 35 years since Congress created public broadcasting with a singular and vitally important mission—which we hold as strongly today as we ever have. As stated in the Public Broadcasting Act of 1967, it is our mission to use the miracles of modern communication to create miracles of teaching and learning; to provide a forum for diverse voices that commercial media might overlook or leave out; and to use our unique, non-commercial licenses to create content and services that inform, inspire, educate and engage.

We pursue this mission today in a far different world than the one in which public service media came into being in this country.

You may remember those "dark ages" when you actually had to get up out of your chair to change the channel. And in those days, there were only a handful of channels to choose.

Now, there are hundreds of choices, and television is only one choice among other compelling forms of media: the internet, DVDs, VODs, TIVOs, video games, and, of course, movies and radio.

Additionally, the media landscape is merging and converging, resulting in more concentration of ownership, creating ever more powerful gatekeepers. While at the same time, with the digital revolution to which this committee and PBS are committed, comes the promise of more choices, more interactivity, and more viewer control.

What is PBS's role in such a media universe? I submit to this Committee that it is more significant, more essential than ever before.

It is impossible in these few minutes of formal testimony to include all that PBS and the 349 member stations—local public television stations in your districts—are doing to carry out our special mandate, but I'd like to offer a few examples and facts to support this Committee's stake in our proud past, in the relevant work we pursue today and in the plans we have for the future . . . all based on the founding principles of using media to enrich the lives of our constituents and to impact positively the communities we serve.

To begin, we have stayed local. In a world quite literally connected by an electronic nervous system, creating enormous power for global media companies, public television is locally-based, locally-licensed and locally-operated.

In fact, in many of the communities I have visited during my two-year tenure at the helm of PBS, the local public television station is the last locally-owned media enterprise in the community.

This matters. This means the best of national and international content, delivered and connected to a community through locally-originated educational programs and outreach activities. This also means that our content and services are grounded in the community's needs and values.

Most of the national programming that is broadcast on PBS is produced by local public television stations, and, of course, member stations also produce programming focused on their communities. Everyday in some way, public television is connecting content with community, and there are many powerful examples of how this can change lives. I could share a very large file of such stories and viewer responses, that would make it clear that public television is not just another channel to our supporters and shareholders.

We don't do this alone. We do it in partnership with other community organizations, educational and cultural institutions. We do this with web content and curriculum materials. We do this because for us, the greatest value of a program is often what happens after the program is over and the television is turned off.

I'm sure this Committee shares our concern about a coarsening media culture filled with violent dramas, sexually explicit talk shows, and mindless reality programs. Television has gone from *Ozzie and Harriet* to *Ozzy Osborne* and from *Firing Line* to *The Weakest Link*.

Let me assure you that all of us in public television are holding on to our core values like a life raft in a turbulent sea.

Those values include providing a safe haven for children and parents—a place to grow and learn.

Three generations of parents have raised their children with pro-social, entertainingly educational PBS programs like *Sesame Street* and *Mr. Rogers*. We continue to build on that trusted tradition today with programs like:

- *Between the Lions*—shown in independent research to dramatically improve early reading skills.
- *Cyberchase* the first and only children's series dedicated to teaching math and logic skills.
- And with some of our new and popular shows like *Dragon Tales*, *Clifford* and *Sagwa*, we continue to expand their minds and cultural horizons and improve their social skills.

The response to these and other PBS Kids programs reminds us of the power of television to teach and to be a positive force with measurable impact:

- The top six shows among kids age 2-5 are all on PBS.
- The top three shows for all kids age 2-11 are on PBS.
- And, in our viewer survey this Spring, we found PBS to be the most trusted media brand among American parents.

This September, we are launching pbsparents.org to provide a comprehensive site on topics such as nutrition, health, discipline, age appropriate books and games, and other issues we hope will help busy parents.

And through the Ready To Learn funding that Congress renewed and increased in this year's ESEA legislation, PBS is also continuing to provide direct, hands-on support to parents in the communities you and we serve.

The PBS Ready To Learn service provides more than 200,000 parents, teachers and caregivers with free workshops, books and other resources to help them prepare their children for school. The results of Ready to Learn can make us all feel good about an investment of taxpayers' dollars. Again, just a few examples of impact:

- In Oregon, 3,500 migrant families are participating in a program to increase their children's literacy skills.
- In Texas, volunteer tutors and caregivers are helping low-income students learn to read.
- Research from all the Ready To Learn programs document that parents who participate read longer and more often to their children, and their children watch 40 percent less TV. What TV they do watch is more educational.

Public television stations take the educational part of our mission to heart and while the actual services may vary, depending on the kind of licensee, all public television stations support educational efforts, formally through curriculum-based activities and school partnerships and informally through adult learning services. Allow me again a few examples of the results of this work at the local and national level:

- PBS is the top choice of American teachers for classroom video and the leading source of online lesson plans for America's schools.
- PBS provides school districts with access to an archive of more than 40,000 video clips that can be used to enhance class lessons.

- PBS has developed more than 3,000 online lesson plans from history, science and other programs correlated to 230 national and state standards.
- PBS.org's TeacherSource web site with its customized, free lesson plans is used by 250,000 teachers every month.
- PBS is the top provider of distance learning offered by colleges.
- More than 5 million people have already earned college credit through public television.
- More than 2 million people have passed their GED exam after viewing public television's video series.

When you tally up all that PBS and our local stations do in the area of education, it is much broader in scope and impact than might have been realized and, surely, is another reason why PBS is essential and valued in each community.

In an event at the White House in May, President Bush recognized PBS's role in education by celebrating the Ready To Learn program. He said, "Our goal as a nation is to make sure that no child is denied the chance to grow in knowledge and character from their very first years. The public broadcasting system has excelled in carrying out that responsibility."

And we are so pleased that the First Lady has agreed to be the honorary Chair of PBS's reading campaign this fall, which will promote reading and literacy among all Americans.

Someone once described PBS as "programming from the neck up"—and while I agree that we focus on the educational value of all the programming we distribute, I would also go a little farther down and include the heart. Clearly, the PBS primetime schedule includes some of America's favorite series: *Masterpiece Theatre*, *NOVA*, *Frontline*, *Antiques Roadshow*, just to name a few of the ongoing series which make up more than 60 percent of our total primetime schedule.

In this Congress, PBS has provided our member stations with nearly 8800 hours of programming which includes approximately 20 percent in programs for children, 25 percent classified as adult education, 12 percent public affairs, 9 percent performance and art, 7 percent history and news, 5 percent in science and nature, 4 percent drama and 1 percent independent film.

We receive about 3300 proposals a year for programs from both station producers as well as independents and only about 400 projects get selected for broadcast in primetime, and another 600 of so hours that come fully funded are sent out to stations for their broadcast however they deem best for their communities.

Our standards are high, and we take very seriously our mission to bring diverse voices, points of view and cultural backgrounds that might be missing from mainstream media.

This year, PBS and CPB brought to American broadcast television the first primetime drama series about a Latino family, *American Family*, which was just named the best family drama on television by the Family Friendly Forum of Advertisers, and our stations extended the value of this series by producing companion local programs on different immigrant families in their communities.

At PBS, we are also committed to ensuring fair and balanced presentation of issues, according to the principles set forth by Congress in the Public Broadcasting Act of 1967. Gratefully, viewer surveys—which we have shared with the leadership of this Committee—indicate that our programming is largely perceived to be balanced and without bias. For example, PBS's news program, *The NewsHour with Jim Lehrer*, is consistently ranked by viewers as the most trusted, most reliable and most objective of all the news programs and news channels. But we recognize that some members of this Committee have concerns about the perception of bias in some PBS programming. We are committed to understanding those concerns and to turning them around.

It's also important to us that PBS programming continues to receive more critical acclaim and to win more awards for journalistic excellence than any other broadcast entity. But the highest award and acclaim for us and all of our producers is to know that public television consistently chooses to focus on the subjects and issues that Americans want to know and need to know, whether it is the global economy as in the recent series *Commanding Heights* or life on the frontier in the very popular *Frontier House* or reports from the frontlines long before the conflict is a headline.

The importance of having a public broadcasting system with such a mission became poignantly clear as we responded to the unprecedented acts of terror on September 11.

Mr. Chairman, 48 hours after the terrorists' strikes on New York and Washington, PBS served our adult audiences with the first in-depth profile of Osama bin Laden. PBS was able to do this—not because we had reporters ready with live feeds—but because our *Frontline* documentary series had produced a bin Laden profile one year before he became the world's most wanted man.

In the days after the bin Laden profile was broadcast, members of President Bush's Cabinet, Congress and even the Queen of England requested copies of the documentary, and that program, along with an in-depth series on the history of the Muslim faith, also produced months before, contributed to our understanding of WHY did this happen; WHY were we so unprepared? WHY did they hate us? PBS was invited to screen these documentaries for a rare bipartisan gathering of the House Republican Conference and the Democratic Caucus.

I said then, and I remind the Committee now, that being prepared to serve in bad times means serving in good times as well, with the kind of content and services that may gain relevance because of crisis but were not and cannot be created only in response to one.

And yet, in this dramatically altered and dynamic media landscape, you may hear the question raised from time to time, "Do we need public television when we have all those cable channels and all the new channels that will come with digital?"

My answer is, "More than ever." Indeed, what good are more choices if they are just more of the same?

While it is true that more choices slice the viewer pie thinner and thinner, at PBS we are committed to the depth of our relationship with viewers and online users rather than simply the number of them.

Although it bears repeating that on any given night PBS has twice the viewers of most cable channels and on a recent Saturday night, we actually attracted a larger audience than the ABC network.

And, many are surprised to learn that PBS holds a leadership position online as well as on television, with 12 million visitors each week spending an extraordinary average of 45 minutes on PBS.org. This makes it the most-visited dot-org site in the world.

But while we are pleased with the numbers of viewers and visitors, we do not judge our success by these numbers alone. That is a measurement that must define success for our commercial colleagues, but we have an educational and public service mandate to fulfill.

We will be putting that mandate first as we approach the promise of digital. You will hear much more about public television's plans for digital from my colleague at APTS, but let me just add that we have been committed to high definition programming since 1998, and starting this fall, nearly all PBS content will be future-proofed for high definition broadcast. Many of our early digital adopters are already multi-casting, providing new educational services and more true choice; in other words, added value in every format of content or service delivery.

That is how I see what we do, Mr. Chairman and Members of the Committee. I see a singular, much-needed alternative to all other media enterprises that must, by design, judge their services by how much profit they return to their stockholders.

Our bottom line is different. Because of your support, and the support of viewers like you, we can pursue the use of media, the power of mass communications, with a focus on public service, with a commitment to creating value, not for stockholders, but for all Americans who are in fact the real shareholders of public television and the Public Broadcasting Service.

I thank the Committee and am happy to answer any questions.

Mr. UPTON. Thank you very much.

Mr. Klose?

STATEMENT OF KEVIN KLOSE

Mr. KLOSE. Thank you, Mr. Chairman and members. It is an honor to appear before you.

Once again, in the several years that have passed since last we had the privilege of addressing you, audiences to National Public Radio across America have gone up by almost 50 percent, from about 13 million listeners a week in 1998 to close to 20 million listeners a week today. In addition, we are on more than 150 foreign radio stations and foreign cable channels around the world, and we are very proud to have our programming on AFN, the Armed Forces Network, at every U.S. military installation around the world.

The reach of NPR and its member stations reflects the professionalism, the dedication, and the devotion to public service of the

750 employees of NPR, many of whom are here in Washington, but are also scattered around the world in 11 foreign bureaus, around the country in 17 domestic bureaus, and thousands and thousands of professional public radio employees, professionals, in nearly every community in America.

With 275 member stations, which themselves control another 400 stations, we are able to reach 99 percent of the American population. The population reflects in its devotion to NPR programming and local programming provides a weave, a mix, of national, local, and foreign programming that has enhanced our understanding of our regions, our communities, and the world around us.

We look forward to the digital transition which we are just on the doorstep of. It will require commitments of capital spending by our individual stations, their communities, and we will look to you, we hope, for help as we go forward.

We are surveying our stations now to determine as nearly as we can what the costs will be going forward, so we will be able to present to you an informed dialog about what our needs might be. We view the digital transition as an opportunity to expand our power to provide public service for emergency services, for radio reading services to those who are either visually impaired or who have other assisted-living needs, and other recognized possibilities for us to use the bandwidth in a new way.

As part of our expansion at NPR, we are creating NPR West, a West Coast production center which will help us provide new programming and new content to our national listeners and also to connect to our stations in the West in a whole new way, so we can provide segments from local stations into the national programming stream.

At present we are producing more than 100 hours a week of live and live-to-tape news programming, including the Nation's second and third most listened-to radio programs, "Morning Edition," which has about 13 million listeners a week, and "All Things Considered," which has about 10 million listeners a week.

We viewed these enormous opportunities to get it right, to be accurate, and to be as clear as we can be about balance and accuracy, and present to our listeners the voices, the diversity of all the American conversation.

This is a partnership of professionals, its basis in every community in America that has a public radio station. Almost half our funding comes from our member stations to NPR, and with that we have been able together to weave an important national public service.

At 9-11 last year, on September 11, Americans tuned in by the millions in a whole new way to their local public radio stations. Hundreds and hundreds of hours of special programming went forward in and around 9-11.

In all this excellence, we do make mistakes. We have made mistakes at NPR, and we are very aware of those mistakes. We also are very aware of the criticism which comes our way from listeners because public radio serves so many different parts of every part of the community in America.

One mistake we made was in mishandling our report about TVC, the Traditional Values Coalition. Congressman Pickering and his

colleagues Mr. Davis and Mr. Bass have said that we should apologize. Mr. Chairman and members, I accept that invitation.

Ms. Lafferty and TVC, you have my personal and professional apology. We are sorry to have made that mistake, and we hope to go forward from there. We will go forward at NPR and our member stations.

Mr. Chairman, I want to finish, if I could, with a return to 9-11. We have a brief tape here composed of some of the voices that we and our great member station, WNYC in New York City, were able to put on the air in the middle of the catastrophic attacks on America on the 11th of September.

Mr. Chairman and members of the committee and colleagues here, I would say to you that this recording, only a tiny sample of what NPR and its member stations do every day, I think is a clear indication of our commitment to do the best possible presentation of news, information, and analysis to Americans today, tomorrow, and well into the future. Thank you very much.

[The prepared statement of Kevin Klose follows:]

PREPARED STATEMENT OF KEVIN KLOSE, PRESIDENT AND CEO, NATIONAL PUBLIC RADIO

Thank you, Chairman Upton and Ranking Member Markey, for inviting me to testify today on behalf of National Public Radio (NPR). As President and Chief Executive Officer of NPR, I am pleased to come before the Telecommunications and Internet Subcommittee to provide an overview of NPR as well apprise members of two major issues facing the public radio community—the conversion to digital audio broadcasting and spectrum policy. I hope that in the near future we will also have the opportunity to engage in a discussion regarding reauthorization.

NPR: AN ESTABLISHED LEADER IN BROADCAST MEDIA

For the past 32 years, NPR, a non-profit company, has provided listeners with in-depth, news analysis and cultural programming such as *Morning Edition*, *All Things Considered*, *Car Talk*, and *Talk of the Nation*. Most recently, NPR launched *The Tavis Smiley Show*, a daily one-hour magazine originating from Los Angeles. The creation of the show was the result of an ongoing collaboration between NPR and a consortium of African-American public radio stations, including WCLK-FM, Atlanta, GA; WNCU-FM, Durham, NC; WJSU, Jackson, MS; and WEAA, Baltimore, MD.

Deploying over 300 professional reporters, editors, directors, producers, engineers, and managers, NPR news is a premier 24 hours-a-day, seven days a week, news service. NPR News works with 17 national bureaus and 11 foreign bureaus. NPR News also works with member public radio stations nationwide to expand and supplement national news reports and segments. This fall NPR will open its West Coast studios, providing even greater connectivity to the West. This local-national partnership is a fundamental part of the vitality of the company's robust and expanding news delivery network.

We believe NPR performs a vital public service and, at its best, our news coverage provides for its listeners' needs, fulfilling our mission "to create a more informed public—one challenged and invigorated by a deeper understanding and appreciation of events, ideas and cultures." This year our service was more robust than ever, especially after the events of September 11th. That first day, as the country's air traffic system was shut down, the borders closed and federal government offices evacuated, NPR moved rapidly to 24-hour live coverage, expanding its news coverage to an unprecedented level. This incorporated all scheduled news programs, included additional afternoon and late night programming and provided expanded talk shows so listeners could engage directly in what was going on around them. To mount this coverage, we marshaled the resources of NPR member stations around the country to generate the programming that enable us to extend our hours of broadcast. To give you a sense of the role NPR's coverage played around the world, we should note that on the day of the attacks, the Armed Forces Network dropped their regular programming and ran NPR's live coverage to U.S. military bases throughout the world. NPR Worldwide also provided NPR's programs to Europe, Asia, and Aus-

tralia through the regular distribution of 140 stations and throughout Japan via cable.

In recognition of this coverage, this spring the Overseas Press Club presented NPR with the 2001 Lowell Thomas Award for the best radio news for interpretation of international affairs. During the ceremony, the judges praised NPR for “the best coverage of September 11th and the best radio coverage we have ever heard.”

NPR also collected a Peabody Award for broadcast excellence for its news, cultural and online coverage of the events and aftermath of September 11 “that enabled audiences to mourn and reflect upon those unsettled days.” We at NPR believe that this award—more than any other received by NPR in recent times—is an award for the effort of the entire company and honors the exhaustive effort and dedicated professionalism of hundreds of people at NPR. The award is also a tribute to our member stations, especially WNYC, WBUR, KQED and WAMU who worked with us to bring listeners 24-hour coverage of the events of September 11. I am so happy that Laura Walker, President and CEO of WNYC, is here today to speak to you about public broadcasting and its important mission.

The coverage also resulted in NPR’s largest audience ever—according to Arbitron’s figures for last Fall, NPR’s total audience grew by 19% to 19.5 million. This number reflects a simple but significant fact: in a time of national crisis, more Americans turned to NPR to try to understand the world we live in. The audience for Morning Edition alone is now as large as the total NPR audience was in 1996. All this comes at a time when radio listening is declining and Americans have even more media choices. Simply put, NPR’s listeners now outnumber the combined circulation of the top 35 U.S. daily newspapers.

NPR—A MEMBERSHIP ORGANIZATION

NPR also serves as a voluntary membership organization that works in partnership with its member stations to increase member stations’ audience, revenue, and value in their communities. Those member stations are independent and autonomous entities licensed to community organizations, local school boards, other local institutions, and public and private universities and colleges. The stations themselves originate on average 40 percent of their programming locally, and WNYC is a fine example of the kind of local station origination that exists in public radio. Such program origination is made possible in large part every year by general support from the federal government through the Corporation for Public Broadcasting (CPB). For example, in 2000, public radio stations received approximately 13 percent of their revenue on average from CPB.

To clarify, NPR receives no direct general operating support from any national or local government source—indeed, NPR does not own or operate radio stations. However, NPR does compete, along with other producers, for project grants from federally funded entities such as CPB, the National Endowments for the Arts and Humanities (NEA, NEH), and the National Science Foundation (NSF). Such grants typically account for less than 2 percent of NPR’s revenues in any given year. (NPR’s budget is about \$100 million annually.) Instead, NPR receives its overall funding from a variety of sources including membership dues, programming purchases, corporate underwriting, private foundation grants, distribution services, investments, and merchandising sales account. Finally, NPR manages the Public Radio Satellite System (PRSS), which provides program delivery and interconnection services to the public radio industry, including independent producers and distributors.

THE DIGITAL LANDSCAPE

The public radio industry is at a fundamental turning point in its history. At the dawn of the 21st century, there are more outlets for media than ever before. Competition for consumers has increased significantly and audiences are splintering into niche markets at a rapid pace. Yet, media consolidations have reduced the diversity of voices on the radio dial at a time when there is little spectrum available for public radio stations to acquire.

In addition, the digital revolution is fostering major technological changes in broadcast media. Radio will soon begin the process of changing its transmission system from analog to digital, which will: improve the quality of audio signals, allow public radio stations to evolve and expand new program offerings and services to listeners, and allow stations to compete with the emerging satellite radio industry.

The public radio community is excited about the emerging changes in media and particularly in the radio industry. Despite our excitement, we do face some challenges. They include the cost of converting to digital audio broadcasting and the need for additional spectrum. I will now elaborate on each topic.

Public radio stations are preparing to upgrade their equipment and digitize their programming in anticipation of the Federal Communication Commission's impending decision on the creation of a digital FM radio standard¹. Once the Commission issues its final rule later this year, public radio broadcasters will begin the expensive process of converting to a digital format. Based on the preliminary results of an ongoing NPR study, the estimated cost of conversion per station is about \$100,000.² That amount is solely for the cost of transmission and does not include the cost of digitizing production.

Digital radio is expected to transform the radio industry and allow it to compete on equal footing with other digitized media. Digital technology will allow stations to broadcast near CD quality sound free of interference to listeners. It will help utilize spectrum more efficiently since stations will simultaneously broadcast their analog and digital signals using their existing analog AM and FM frequency. In other words, if the pending approach is sanctioned by the FCC, radio stations will not require additional spectrum to convert to a digital format unlike television stations.

Most importantly, digital radio will afford new service opportunities, including the ability of a single FM station to offer two content services, one focused on news and information and the other focusing on jazz or classical music. It can also help stations offer:

- Expanded assisted-living services, such as radio reading services for the print-impaired as well as radio captioning;
- Expanded public safety services such as geographically targeted weather alerts, traffic safety, and national security notifications;
- Foreign language programming to serve an increasingly diverse America; and
- Audio-on-demand to increase user satisfaction.

Digital radio will also enable new functions such as the ability to search program formats, scan selective programming, and read music lyrics and song titles.

Federal funding will play an important role in the public radio system's conversion to digital radio technology. If an FM IBOC standard is adopted, many stations will plan to begin the process of converting, which will involve high capital costs. We look forward to working with this Committee to insure that such funding is available from the Congress and other sources. In addition, this Committee can play a positive role in insuring that the conversion to digital radio is done in a way that helps public radio enhance its service to the American public. We believe that the best use of digital technology and public spectrum is to provide multiple content streams to the public and to maximize the diversity of content on the radio dial. It is not clear that digital technology will move in this direction, but this Committee can help create the environment for such positive changes.

SPECTRUM AUCTIONS—WHAT PUBLIC RADIO HAS AT STAKE

One of the greatest impediments to increased public radio service to the American people is the lack of available spectrum. As you know, the Commission initially reserved the lower twenty percent of the FM band for noncommercial educational ("NCE") use in the 1940s. That reserved spectrum is now far from adequate to meet the present and future needs of public radio. The reserved spectrum itself is less than ideal because it is immediately adjacent to television channel 6. In fact, demand for spectrum has been so great that reserved FM spectrum is unavailable in many parts of the country. Compounding the problem, the FCC has refused to accept applications for new full power and translator stations during the last few years.

Although NCE stations are not limited to the reserved FM spectrum, and, in fact, are statutorily exempt from having to participate in spectrum auctions when applying for non-reserved spectrum, the ability of public radio broadcasters to obtain non-reserved spectrum is uncertain. Currently, the Commission is considering whether: (1) to bar NCEs from even applying for non-reserved spectrum, (2) to dismiss an NCE applicant if it conflicts with a commercial application or (3) to expand opportunities for entities to reserve individual FM channels. Unless additional spectrum is allocated for digital radio use, however, the opportunity for transmitting additional program services is limited.

As a general policy matter, more needs to be done to preserve access to spectrum for public interest uses, including public broadcasting. Despite a specter of riches,

¹The FCC just recently started a proceeding on daytime only AM IBOC technology. Industry testing is currently occurring on nighttime AM-IBOC technology.

²The cost per station may slightly increase or decrease once the final results of NPR's digital conversion survey are tabulated.

recent spectrum auctions have failed to raise expected amounts or have been mired in litigation or administrative gridlock. In addition, while spectrum auctions are, in many cases, an appropriate means of realizing the public's interest in the value of a scarce resource, other uses of spectrum may be just as valuable, even though the value is not readily measured in revenue.

In the more immediate term, the reallocation of television channel 6 to radio would address several long-standing and future needs. In addition, access to non-reserved spectrum must be preserved. If NCE applicants are barred from applying for non-reserved spectrum or forced to participate in spectrum auctions as the sole means of obtaining spectrum, public radio service to the American people—now and in the future—will surely suffer as a result.

CONCLUSION

Thank you for your time. I am happy to answer any questions you may have.

Mr. UPTON. Thank you. Go ahead and play it.

[Audio tape is played.]

Mr. UPTON. Thank you very much. It is a day that we will all remember; that is for sure.

Ms. Lafferty?

STATEMENT OF ANDREA S. LAFFERTY

Ms. LAFFERTY. Mr. Chairman and members of the committee, on behalf of our Chairman, Reverend Lou Sheldon, and the Traditional Values Coalition 43,000 member churches, I appreciate the invitation to appear here today as the committee seeks to expose the anti-Christian, anti-conservative, and anti-traditional values bias of National Public Radio. Thank you for providing a forum to publicly expose the reprehensible and libelous actions of the taxpayer-funded NPR.

What happened to the Traditional Values Coalition was not an isolated one-time slip by some low-level NPR reporter, and nothing had to do with a difference of opinion. The attack on Traditional Value Coalition has involved all levels of NPR, from the so-called ombudsman to the highest levels of NPR's management. All of them acted in concert and closed ranks to defend the shoddy reporting of one of their own.

On the afternoon of January 3 I received a call from David Kastenbaum, a reporter for NPR, who asked me, had I been contacted by the FBI yet. I said, "Well, why would you be calling me? Why would they be calling me?"

And he again said, "Has the FBI contacted you yet?"

I asked him, "Why would the FBI be contacting me?"

He said, "Because of what's going on in the Congress with anthrax."

I was outraged. I told him, "Of course not. How in the world would anyone at NPR come to ask a question like that of Traditional Values Coalition? Why would NPR contemplate that we would, or could, send deadly anthrax to anyone?"

Then he asked if I knew anyone who had been contacted by the FBI. I told him we were a Christian organization; we wouldn't mail anthrax, and we didn't know anyone that would do anything like that.

When I asked the NPR reporter why he was calling Traditional Values Coalition, he said he had seen a press release from last year, August 2, in which I and Traditional Values Coalition criticized Senators Leahy and Daschle over dropping the phrase "so

help me God" from the oath witnesses take before testifying in a Senate committee.

Kestenbaum's tone was very clear. He actually believed that Traditional Values Coalition and the conservatives we associate with would mail anthrax.

Now let's be clear about the facts. Under the majority leadership of Tom Daschle, a change took place in many committees, including the Judiciary Committee chaired by Senator Leahy. This change was that witnesses are no longer sworn in by saying, "so help me God."

We were outraged that the Senate would take God out of the oath and issued a press release on this change last summer. Because Traditional Values Coalition stood on this issue, NPR has persecuted us, linking us to mailing anthrax to the U.S. Senate and accusing us of murder.

Clearly, we are not out of the mainstream by our comments attacking the Senate a year ago. This is evident by the public outcry over the recent Ninth Circuit Court decision removing "God" from the Pledge of Allegiance.

In addition, the Senate unanimously voted last month to condemn the removal of God from the Pledge. The real story here is what this Senate has done to strip God from the oath.

Traditional Values Coalition has been persecuted by NPR because of our principled stand on this issue and because of our religious beliefs. When I spoke to the reporter, I told him in no uncertain terms that I did not appreciate his insinuations that Traditional Values Coalition would attempt to murder United States Senators with whom we disagree or that Traditional Values Coalition would associate with cold-blooded, murdering criminals.

I thought I had set this reporter straight and that would be the end of this nonsense. Nearly 3 weeks later, on January 22, without a single fact or witness or shred of evidence to support the accusation against Traditional Values Coalition, NPR aired a wholly false and defamatory story which linked Traditional Values Coalition with the anthrax mailings to the U.S. Senate. By this time, two people, innocent people, had died and others had been hospitalized.

The basis of NPR's story was NPR's anti-Christian bias. NPR interviewed a former FBI agent who had been involved in the Unibomber case. Keying on a comment he had made about tracking correspondence from criminals to their victims, NPR's libelous story segways from the Unibomber to the Traditional Values Coalition, to abortion clinics receiving anthrax.

NPR took the FBI's statement on how to investigate cases similar to the anthrax case and created a supposition that sounded good to them: that Christians who disagree with Senators would mail anthrax to those Senators.

The story which aired on the 22nd with the headline, "Speculation on the Perpetrator of the Anthrax Letters," contained the following statement: "Two of the anthrax letters were sent to Senators Tom Daschle and Patrick Leahy, both Democrats. One group who had a gripe with Daschle and Leahy is the Traditional Values Coalition, which before the attacks had issued a press release criticizing the Senators for trying to remove the phrase 'so help me God' from the oath. The Traditional Values Coalition, however, told

me the FBI had not contacted them and then issued a press release saying NPR was in the pocket of the Democrats and trying to frame them. But investigators are thinking along these lines.” NPR claims to broadcast to an audience of 8 million listeners every day. Well, we are still waiting for those 8 million listeners to hear a true retraction.

The fact that NPR doesn’t understand our outrage and merely mocks our concerns shows how deep and pervasive the NPR organizational bias is against Christians and conservatives. It is time for Congress to say, “No more” to NPR. NPR has betrayed the public’s trust.

On behalf of our 43,000 members and the others that NPR smeared and defamed on January 22, I urge Congress to eliminate taxpayer funding for the National Public Radio. Thank you.

[The prepared statement of Andrea S. Lafferty follows:]

PREPARED STATEMENT OF ANDREA S. LAFFERTY, EXECUTIVE DIRECTOR, TRADITIONAL VALUES COALITION

Mr. Chairman, on behalf of Traditional Values Coalition’s 43,000 member churches, I appreciate the opportunity to testify today. Thank you for providing a forum to publicly expose the reprehensible and libelous actions of the taxpayer funded National Public Radio.

Traditional Values Coalition is the largest non-denominational, grassroots church lobby in America. Traditional Values Coalition has sought to empower people of faith with truth.

With over 43,000 churches, Traditional Values Coalition has a diverse membership of Bible believing churches and bridges racial and socio-economic barriers. Our diversity is seen in the Hispanic, African and Asian-American churches that we represent.

With an emphasis on the restoration of the Judeo-Christian values needed to maintain strong, unified families, Traditional Values Coalition focuses on a range of moral and social issues such as education, homosexual advocacy, parental rights, family tax relief, pornography, the right to life and religious freedom.

While Traditional Values Coalition is a lobbying organization, its sister organization, Traditional Values Education & Legal Institute, is a foundation dedicated to educating and supporting churches in their efforts to restore America’s cultural heritage.

Traditional Values Coalition believes America’s strength is in her churches. Pastors and their churches are not barred by law from being involved in the making of public policy. Traditional Values Coalition is a resource for Christians and pastors, providing education on the representative process.

On behalf of our members, churches, pastors and friends, Traditional Values Coalition appreciates the invitation to appear here today as this committee seeks to expose the anti-Christian, anti-conservative “and anti-traditional values behavior of National Public Radio.

We have been asked to tell this committee how National Public Radio treated Traditional Values Coalition and I appear here today to respond to the request.

What happened to Traditional Values Coalition was not an isolated, one-time slip by some low-level National Public Radio (NPR) reporter. The attack on Traditional Values Coalition has involved all levels of National Public Radio from the so-called Ombudsman to the highest levels of NPR’s management. All of them acted in concert and closed ranks to defend the shoddy reporting of one of their own.

Many of you remember the Cheech and Chong comedy routine about WDRM—Dorm radio, an amateurish college radio station operated “live from the basement of the science building.”

NPR is an unfunny Cheech and Chong bankrolled by unsuspecting taxpayers.

On the afternoon of January 3, 2002 I received a call from David Kestenbaum a reporter for National Public Radio who asked me if “I had been contacted by the FBI yet?” I said what are you talking about. He again asked me if I had been contacted by the FBI yet? I asked him why would I have been contacted by the FBI? Kestenbaum said “because of what’s going on in the Congress with anthrax. I still could not understand what he was talking about—until he explained that Traditional Values Coalition fit the profile of who the FBI would be investigating to de-

termine who would have sent anthrax to the offices of Senators Daschle and Leahy. I exploded. I told him of course not. How in the world would anyone at NPR come to ask a question like that of Traditional Values Coalition. Why would NPR contemplate that we would or could send deadly anthrax to anyone.

Then he asked if I knew anyone who had been contacted by the FBI. I really got angry and told him we are a Christian organization. We would not mail anthrax nor do we even know anyone who would do such a thing, including any of our 43,000 member churches.

When I asked the NPR reporter why he was calling Traditional Values Coalition he said he had seen a press release that I had issued August 2, 2001 in which I/Traditional Values Coalition criticized Senators Daschle and Leahy over dropping the phrase "so help me God" from the oath witnesses take before testifying in a Senate committee. The NPR reporter stated that the press release made me and Traditional Values Coalition suspects in the anthrax mailings and the murders of innocent citizens.

Reporter Kestenbaum's tone was very clear—he actually believed that I, Traditional Values Coalition, our members and other Christians and conservatives we associate with would mail anthrax to those with whom we disagree.

Traditional Values Coalition issued a press release the next day alerting the American public to this malicious call. This accusatory call was not just an attack against Traditional Values Coalition but against all Bible believing Christians. Because of our political and moral beliefs, because we strongly oppose removing the words "so help me God" from the significant and important oaths in our nation, this NPR reporter construed that our public statements of belief turned our organization and our members into suspects in a criminal investigation.

I was alarmed that NPR would attempt to link acts of domestic terrorism to Traditional Values Coalition, acts which had resulted in the murder of innocent Americans.

My conversation with the NPR reporter was quite heated. In no uncertain terms I let him know I did not appreciate his insinuations that Traditional Values Coalition would attempt to murder United States Senators with whom we disagree or that Traditional Values Coalition would associate with cold blooded murdering criminals. I thought I had set this reporter straight and that would be the end of this nonsense.

The following day we released a statement condemning the biased call from NPR. Then NPR ratchet-up their assault against Traditional Values Coalition and me.

The very person who is supposed to look out for the interests of the public, the NPR Ombudsman Jeffrey Dvorkin, joined the NPR smear bandwagon against me, Traditional Values Coalition and our 43,000 churches.

In an interview with CNSNews.com Dvorkin said, "My sense is that, Ms. Lafferty overstated the case. I think that Kestenbaum was just doing a normal story. He was not accusing anyone of anything."

The ombudsman is supposed to be the public's representative to NPR—not an apologist for NPR misdeeds. But certainly, that is not the role Mr. Dvorkin played in this situation.

Maybe NPR considers smearing Christians a normal story but Members of Congress do not, taxpayers do not and millions of Christians do not.

Nearly three weeks later, on January 22, 2002, without a single fact or witness or a shred of evidence or to support the accusation against Traditional Values Coalition, NPR's Morning Edition hosted by Bob Edwards aired a wholly false and defamatory story which linked Traditional Values Coalition with the anthrax mailings to the United States Senate. By this time 2 innocent people had died and others had been hospitalized.

And the basis for this linkage? The press release which I/Traditional Values Coalition had issued which stated our opposition to removing "so help me God" from the oath.

The NPR story begins with an interview of a former FBI agent who had been involved in the Unabomber case. Keying on a comment he made about tracking correspondence from criminals to their victims, NPR's libelous story segues from the Unabomber to Traditional Values Coalition to abortion clinics receiving anthrax.

The story which aired on January 22, with the headline "Speculation on the perpetrator of the anthrax letters," contains the following statement:

Two of the anthrax letters were sent to Senators Tom Daschle and Patrick Leahy, both Democrats. One group who had a gripe with Daschle and Leahy is the Traditional Values Coalition, which, before the attacks, had issued a press release criticizing the senators for trying to remove the phrase 'so help me God' from the oath. The Traditional Values Coalition, however, told me the

FBI had not contacted them and then issued a press release saying NPR was in the pocket of the Democrats and trying to frame them.

But investigators are thinking along these lines . . .”

Eight million NPR listeners heard Traditional Values Coalition linked to criminal activity—all because of our beliefs which we publicly and proudly assert. All because we believe the oath taken in this nation should continue to include the phrase which validates the oath: “so help me God.”

NPR’s false and defamatory story fueled reporting by other left-wing media who were and are pre-disposed to dislike Traditional Values Coalition. The VillageVoice under the headline “Pick-a-Perp” simply repeated the false NPR report but in its report we became “the anti-abortion Traditional Values Coalition.”

The left wing OC Weekly in California jumped on the NPR bandwagon. It complained that TVC directed a “rash of ----” against NPR and concluded that if the war on terrorism is going to be taken seriously it should be investigating “groups like TVC . . .”

Eight days later on January 29, after receiving a number of responses from people who were outraged by their story, NPR aired a statement in its “letters” segment acknowledging “inappropriate” reporting in a story which had been aired on their “Morning Edition” program on Jan 22. No retraction of the false statement was included in the “letter”; no apology to Traditional Values Coalition for impugning our organization was included in the statement and nowhere in the statement does NPR explain why the report was aired without a single supporting fact or source.

Following this pathetic statement which was a non-apology and non-retraction Traditional Values Coalition sent a letter to NPR President and CEO Kevin Klose informing him that the statement NPR aired was insufficient and unacceptable.

NPR apparently believes there is more than one standpoint. This is outrageous. There is only one standpoint—NPR smeared Traditional Values Coalition and its 43,000 member churches and they have yet to say they were wrong and they have yet to publicly say they are sorry.

NPR did remove the story from its archived stories on its website. Current Magazine which covers public broadcasting reported on March 11, 2002,

“Typically, when stories require corrections, they are allowed to remain online, but NPR “felt that the error in judgment . . . was so serious that it outweighed whatever value there might be in leaving the language there,” says a network spokeswoman.

Mr. Chairman, the Congress has reacted to this injustice and it has reacted in a bi-partisan manner.

You have scheduled today’s hearing.

Senator Debbie Stabenow, a Democrat from Michigan, said the FBI had never investigated Traditional Values Coalition as a suspect in the anthrax mailing and that she would keep in mind the false accusations when NPR’s funding is reviewed by the Congress.

Thursday, February 28th turned into “Expose NPR Day” in the U.S. House of Representatives. A number of Members of Congress took to the floor to denounce NPR. Congressmen DeLay, Blunt, Foley, Calvert and Tiahrt all spoke eloquently on the floor about the irresponsible behavior of NPR.

Majority Whip Tom DeLay called NPR’s conduct “outrageous” and said NPR had ignored “their basic responsibilities as journalists.”

Chief Deputy Majority Whip Roy Blunt stated, “NPR broke their contract with the American people by reporting hearsay as fact,” that “this report was completely inaccurate and irresponsible” and that “Congress should look long and hard at the recipients of taxpayer dollars.”

Congressman Todd Tiahrt said, “As we review National Public Radio’s budget, I must express my outrage at their unethical report on the anthrax mailings . . . I am very concerned that their previously liberal bias has transformed into an all-out attack on conservative and Christian organizations.”

Also that same day the House Appropriations Labor/HHS/Education subcommittee held a hearing on the funding for Corporation for Public Broadcast, which funds NPR. The President of CPB, Robert Coonrod was questioned by both Subcommittee Chairman Ralph Regula and Congressman Randy Duke Cunningham. Chairman Regula called the incident “irresponsible journalism” and described the accusation as “libel.”

NPR claims they broadcast to an audience of 8 million who hear from them everyday. Well we are still waiting for those 8 million listeners to hear an apology and retraction.

In March NPR President and CEO Kevin Klose sent inaccurate letters to the Congress stating that NPR had issued a retraction and apologized to Traditional Values Coalition—but that is not accurate.

NPR's ombudsman, Mr. Dvorkin, continued his deliberate assault against Traditional Values Coalition by posting on NPR's website yet another attack against Traditional Values Coalition and a justification for the libelous report.

The basis of the NPR story was NPR's anti-Christian bias. NPR took an FBI statement on how to investigate cases similar to the anthrax case and created a supposition that sounded good to them—that Christians who disagree with Senators would mail anthrax to those Senators.

NPR's Ombudsman said based on the Traditional Values Coalition release attacking Leahy and Daschle “that “two plus two made four.” What does that mean in NPR speak?

Clearly NPR employees graduated from the school of anti-Christian bigotry where their new math of $2+2=4$ equates to:

Christian organization + speaking out against Senators = MURDER. This is outrageous.

NPR continues to employ the blame the rape victim tactic. NPR says Traditional Values Coalition is “using NPR as a convenient scapegoat.” Traditional Values Coalition is the victim here but they are doing whatever they can to make it seem like we are the perpetrators not NPR. I personally have suffered as has Traditional Values Coalition.

Can you imagine being accused of murder. Traditional Values Coalition is not taking this egregious act by NPR lightly. Why shouldn't Traditional Values Coalition be outraged. The fact that NPR doesn't understand our outrage, and merely mocks our concerns shows how deep and pervasive the NPR organizational bias is against Christians and conservatives.

Investigative reporting is not smearing a reputable organization. Without a single fact to support NPR's accusation and without a single person to even speculate that the accusation was true, NPR accused the Traditional Values Coalition of a heinous crime against our fellow Americans and one of our nation's most cherished institutions, the Congress.

NPR broadcasts to millions of listeners everyday—we are still waiting and listening for them to right their wrong.

The most galling aspect of all of this is the total hypocrisy of NPR.

If some banana republic dictator was accusing leftists of a crime, NPR commentators would be foaming at the mouth as they denounced the injustice.

But when conservative Christians are the accused—we are guilty until proven innocent. And even when we prove our innocence, NPR cannot seem to make a reasonable apology or explanation of its egregious breach of journalistic ethics and conduct.

Where was the editor whose job it is to make sure that the facts support the story's conclusion?

Based on this experience, it would appear that “All Things Considered” should have a footnote which explains that there may not be consideration given to things which are conservative or Christian. And NPR is public radio only in the sense that it takes the public's money but is seemingly not accountable to the public it is supposed to serve.

It is time for Congress to say no more to NPR. NPR has betrayed the public's trust. On behalf of our 43,000 member churches and the others that NPR smeared and defamed on January 22, 2002, I urge Congress to eliminate taxpayer funding for National Public Radio.

Mr. UPTON. Thank you.

Mr. Lawson?

STATEMENT OF JOHN M. LAWSON

Mr. LAWSON. Mr. Chairman and members of the committee, I am John Lawson, and I represent the local public stations.

Our members see digital conversion as a life-and-death issue for public television. So I appreciate this opportunity to testify.

Public stations, Mr. Chairman, are bullish on DTV, and we take our transition deadline very seriously. We now have 75 stations on the air with a digital signal. This is 21 percent of all public stations.

If Congress steps in with some needed support, I am confident the great majority of our stations will make their May 2003 dead-

line. Without increased support, the future of many stations, both digital and analog, is in doubt.

Our progress so far is due to the extraordinary support from states, universities, foundations, businesses, and families. Bill Glazer, the CEO of WNEO and WEAO in Youngstown and Akron, Ohio, who is in the audience today, has raised nearly \$4 million in State and private capital funds. This non-Federal support has totaled on a national basis to date \$771 million, out of a projected \$1.7 billion needed to complete the conversion.

By contrast, the Federal contribution has been less than 10 percent of the overall conversion cost. It is now time for Congress to do its part.

Mr. Chairman, this is the fifth year that public broadcasting has come before the committee asking for you to authorize digital funding. During that time, our industry has made a number of missteps in its practices and in its relationship to the committee. I regret that.

However, the fact remains, no other sector of the television industry is as committed to the digital conversion as public television. We are your local stations, and we want to bring a new generation of digital services to your constituents.

In these last months before the DTV deadline for our stations, we respectfully urge the committee to move an authorization for continued DTV conversion funding. The success of DTV also involves more than funding. We need carriage of all our stations' digital signals on cable and DBS systems.

Our industry for 3 years has been negotiating in good faith with the largest cable MSOs, but we have only two national agreements in hand, AOL Time Warner and Insight Communications. We commend these companies and applaud Michael Willner of Insight for his personal efforts to reach an agreement with us, and we appreciate the good-faith efforts of Robert Sachs at NCTA.

It would be great if the other MSO CEOs shared Mr. Willner's values. We wouldn't need to come to the government. But I have to express our surprise and disappointment at really how difficult it has been to reach agreement with other MSOs.

On a related issue, the FCC's very narrow interpretation of digital carriage requirements for primary video was devastating for us. Think of the impact on WGVU in Grand Rapids, Michigan and WGVI, Kalamazoo. They planned to multicast perhaps six standard definition channels, mostly for kids, education, and workforce training. Michael Wolenta the CEO of the stations, and Matt McLogan, who is the Vice President at Grand Valley State University, the license-holder for the stations, are with us in the audience today.

The current interpretation of primary video means that five of their educational services are considered secondary and may not be available to cable digital subscribers. We can't believe this was congressional intent in the 1992 Cable Act, and we hope the current FCC will expand its definition of primary video.

We also believe that reception of DTV the old-fashioned way through antennas is vital for the preservation of free over-the-air television. Absent commitments from the electronics manufacturers to build DTV tuners into new sets, Congress may need to step in.

Public stations have been able to raise the State and private support for DTV because of their vision for using it. Our stations have committed one-quarter of their bandwidth to formal education.

Steve Bass, the CEO of Nashville Public Television and the Chairman of our Board, is in the audience today. Steve and other station executives have specific plans to extend their education services through DTV.

Public stations like KNME in Albuquerque and Wyoming Public Television hold enormous promise for bringing high-speed digital services to rural America, which I know is a concern of this committee and subcommittee. But Federal funding and policy must also support the digital conversion of translators which are crucial for reaching rural populations.

It has also become clear that our datacasting can play an important role in emergency communications for homeland security, severe weather events, and other disasters. Well before 9-11, as Mr. Engel and Mrs. Harman mentioned, the public network in Kentucky was pioneering such a system.

It is very important to point out that public television is not asking you for additional spectrum to provide emergency services. We can utilize what Congress has already give us and hasten the day that the analog spectrum is freed up.

In conclusion, Mr. Chairman, the commitment of Congress and other players to more fully support the DTV transition is crucial to the survival of public television and locally controlled media because we are among the last of the locally controlled media. If public stations are denied Federal funds for the DTV buildout, many stations simply will not make it.

With adequate funding and policy support, public stations are prepared to usher in a new generation of digital services and help complete the digital transition. Thank you.

[The prepared statement of John M. Lawson follows:]

PREPARED STATEMENT OF JOHN M. LAWSON, PRESIDENT AND CEO, THE ASSOCIATION OF PUBLIC TELEVISION STATIONS

Mr. Chairman and members of the Subcommittee, I am John Lawson, President and CEO of the Association of Public Television Stations (APTS). Our member stations—among the last of the locally controlled media outlets left in this country—see digital conversion as a life and death issue for public television. So, I appreciate this opportunity to testify before you today.

I would like to update you on the progress of our local stations in the digital transition, outline some of our continuing challenges that this Subcommittee is in a position to help us meet, and describe some of the exciting new services that digital television (DTV) enables. These include education, high-speed services to Rural America, and emergency communications to support homeland security.

PUBLIC STATIONS: LEADING THE BROADCAST INDUSTRY INTO THE DIGITAL AGE

Our members, the local public television stations, respect and applaud the leadership of the House Committee on Energy and Commerce in advancing the digital transition. Our stations are bullish on DTV. They have plans to introduce a new generation of digital services to our communities. And they take the May 1, 2003 transmission deadline for public stations very seriously. So I think you will find our stations are doing all they can to begin digital service. We want to work with the Committee to continue to do our part to stimulate the digital transition.

One benchmark of our stations' commitment to the digital transition is the number of public stations that have actually begun digital service. On May 1 of this year—the deadline for all commercial stations to begin digital transition—public television had almost as great a percentage of our stations on the air with a digital

signal as did our commercial colleagues. This is somewhat remarkable given that our deadline was still one year away!

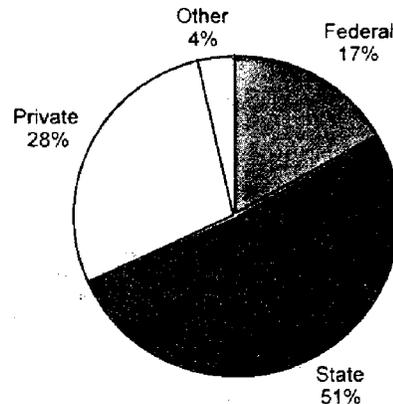
Today, 75 public stations are on the air with DTV—21 percent of all public stations—and more are signing on every week. *If* Congress steps in with needed support, I am confident the great majority of public stations will make their May 2003 deadline. However, without increased support, the future of many public stations—both digital *and* analog—is in doubt.

STATES AND COMMUNITIES BEARING THE COST FOR A FEDERAL MANDATE

I wish I could say that our success to date in meeting the federal DTV mandate is largely due to federal support. Unfortunately, that is not the case. So far, the progress of public stations is mostly due to extraordinary support from states, universities, foundations, corporations, local businesses, and individuals. This non-federal support has totaled \$771 million to date. Given that DTV conversion is a federal mandate, the willingness of states and private donors to contribute on the scale they have is even more impressive. It is a clear testament to the continuing support that public broadcasting enjoys among the people of our country.

Federal support, though greatly needed and appreciated, has been slower in coming. Last year, Congress, with the support of the Bush Administration, provided the first federal funding specifically targeted to the digital transition. We applaud Congress and President Bush for providing this much-needed assistance. With \$45 million appropriated last year to CPB for DTV conversion, plus grants over the years from the existing Public Telecommunications Facilities Program (PTFP) and including projected PTFP grants from FY 02 appropriations, federal commitments to date total \$158 million.

Sources of Digital Conversion Funding To Date



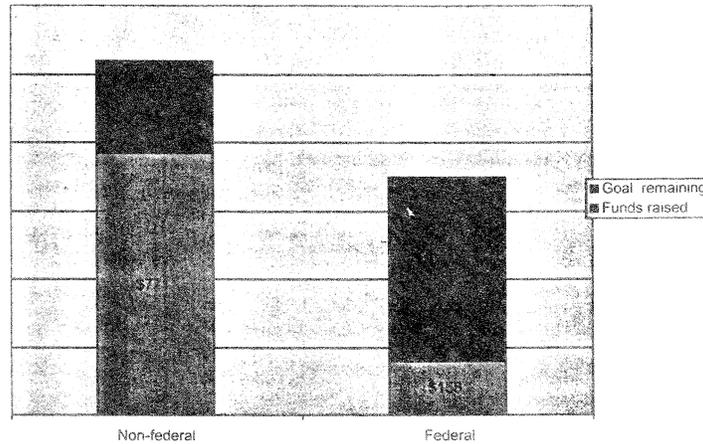
However, the total conversion cost for public broadcasting is \$1.7 billion. Federal funding so far is 17 percent of total conversion funds raised by our stations and less than 10 percent of public broadcasting's overall conversion cost. Most stations still are far from home in securing the funds they need to complete the digital transition.

Many of our stations already on the air also are depending on additional federal funds. Many are operating at low power and/or lack the technical means to originate local programming and services. They need help in reaching full power to replicate their existing analog coverage as mandated by the FCC and to provide the full range of services that DTV enables.

In asking for increased federal support, let me make clear that we never have asked Congress to fully cover our digital conversion cost or even a majority of it. We have asked for federal matching funds equal to approximately 40 percent of the conversion cost, or \$699 million. We still believe this is an appropriate request given the historic role of Congress in supporting public broadcasting facilities and the recent pledges by Congress to fund its own mandates. Our FY 03 appropriations requests include \$137 million through CPB and \$110 million through PTFP.

These request are given greater urgency by the severe budget shortfalls that have beset many states. State legislatures, so far, have provided \$476 million for the DTV transition of public station in their states. In many cases today, any future capital funds from states are predicated on a federal match. Most states that already have provided DTV transition support have done so in expectation of a federal match.

Funds Raised vs. Goals for Public Broadcasting's Digital Conversion
(in \$millions)



A RESPECTFUL REQUEST

Mr. Chairman, this is the fifth year that public broadcasting has asked the House Energy and Commerce Committee to report out an authorization bill for digital funding. During that time, public broadcasting has made some missteps in its practices and in its relationship with the Committee. I regret that. Public broadcasting is a highly decentralized and imperfect institution in the hands of fallible individuals, myself included.

However, APTS represents the local public stations, your stations, and no other sector of the television industry is as committed to the digital conversion as we are. And no other sector is as prepared to harness the power of DTV to serve the people of this country, including your constituents. We are prepared to do what we can to work with this Committee in achieving our mutual goals for the digital transition.

In these last months before public television's DTV deadline, we respectfully urge the House Energy and Commerce Committee to move at least a "rifle shot" authorization for continued DTV conversion funding through CPB. We hope you will see this authorization as part and parcel of your decade-long efforts to make the DTV transition successful. We are asking you to join governors, state legislatures, foundations, educational institutions, businesses, and individual families in a public-private partnership, a collaboration to bring the benefits of public *digital* television to your constituents.

MISSING: OTHER INDUSTRY PLAYERS IN THE DIGITAL TRANSITION

Funding is crucial for us, but it also is clear that a successful digital transition requires more than federal funds. Other key players must do their part, as well. For starters, it is imperative that public stations are guaranteed carriage of all their digital broadcast signals on cable systems and direct broadcast satellite (DBS) systems.

Our industry, for three years, has been negotiating in good faith for voluntary carriage agreements with the largest cable multi-system operators (MSOs). However, to date, we only have two national agreements in hand. We signed the first agreement with AOL Time Warner in 2000 and a similar agreement with Insight Communications this spring. We thank AOL Time Warner and Insight for their leadership, and we commend Michael Willner, President and CEO of Insight Communications, for his personal efforts to reach a mutually successful agreement with us. We also appreciate the good faith efforts of Robert Sachs at the National Cable and

Telecommunications Association to facilitate MSO agreements with public television.

However, I would be less than candid if I failed to express our surprise and disappointment at how difficult it has been to reach agreements with more MSOs. We have been at this for three years. We have a joint committee of members of the APTS and PBS boards, volunteers who have collectively put in hundreds of hours of time seeking these agreements. These are hours that could be used to run stations, produce programming, or manage businesses and educational institutions that contribute directly to our economy.

Despite this commitment of resources, we have two national agreements after three years. These are commendable, but the systems together reach just 21 percent of U.S. cable households. This slow progress in reaching cable carriage agreements means that we all still are a long way from achieving the goals for DTV receiver penetration established by Congress in the Telecommunications Act of 1996.

Our inability to reach more agreements is causing our stations to question whether pursuing voluntary, negotiated carriage is a fruitful investment of their scarce resources; whether, at some point, we must redirect our efforts toward securing carriage through government intervention. Recently, the Supreme Court refused to consider an appeal of the carriage provisions of the Satellite Home Viewer Improvement Act. This is additional, strong evidence to us that mandatory carriage is a constitutionally valid policy approach for public television stations.

PRIMARY VIDEO: CRUCIAL CARRIAGE ISSUE FOR PUBLIC STATIONS

Looking ahead to a post-transition environment, a major element of any agreement or mandate for the carriage of public television stations is that MSOs and DBS operators carry the full digital signal of each public station. The January 2001 decision by the FCC on the issue of "primary video" carriage requirements was devastating for public television. As you know, a majority of commissioners sitting then decided reluctantly, as a matter of statutory interpretation, that cable operators would only be required to carry a single programming stream from a public digital television station.

The former Commission's decision creates a fundamental problem for public television. That's because nearly all public stations are planning to multicast several channels simultaneously, at least during the daytime. The current interpretation of "primary video" makes these plans mute for serving cable subscribers.

WGVU-TV/Grand Rapids, MI is one of the best examples in our system of the importance of multicasting and full carriage of the digital signals of public stations. WGVU, licensed to Grand Valley State University, plans to multicast perhaps six channels in standard definition during daytime hours. SDTV services include a K-12 instructional channel, a "Ready to Learn" children's channel, a news and business information service, and a workforce development channel.

Today, through its analog service, WGVU-TV serves a K-12 student population of 205,000 in 99 public and non-public West Michigan school districts. Nearly 11,000 teachers in member school districts receive copies of WGVU's *ITV Guidebook* for use during the school year. Unfortunately, the future *digital* K-12 service on WGVU-DT may be excluded from cable carriage requirements if the current Commission does not change the former Commission's position on "primary video."

The White House provides another example of why the full digital signal of public stations should be considered "primary video." Last April, as Pat Mitchell states in her testimony, President and Mrs. Bush hosted PBS, children's television producers, and local station representatives in a ceremony in the East Room of the White House. As part of the launch of the President's "Early Reading First" initiative, the President and First Lady honored public television for our commitment to children's education. That was a special day, which, by the way, we captured in high-definition video.

WGVU's DTV multicast plans and the President's recognition highlight the question before the FCC as it contemplates possible reconsideration of the earlier decision on primary video: what is "primary" and what is "secondary" when it comes to public television's multicast programming? Are daytime multicast channels for children and their caregivers, or K-12 instructional programming, or workforce training really "secondary" services? We think not, and we are hopeful the current FCC will recognize that a broader definition of primary video is entirely consistent with the language of the 1992 Cable Act; that such a broader definition is, in fact, required as a matter of sound public policy to enable stations to realize the full potential of digital technology. If the Commission fails to embrace multicasting within its digital must carry rules, we certainly will ask Congress to do so.

DTV TUNERS: INSURANCE AGAINST GATEKEEPERS

Beyond cable and satellite carriage and interoperability, APTS strongly believes that reception of digital television the old-fashioned way—through indoor or outdoor antennas—is vital for the preservation of free, over-the-air television in our country. Guaranteeing consumers the option of disconnecting the cable or ending monthly satellite charges while still receiving quality television programming is a powerful economic tool for the viewing public.

DTV reception in new sets is not just a matter of economics; it is a matter of democratic principle as well. With ever increasing media concentration, guaranteed access to locally controlled public stations via the airwaves ensures that citizens can still access a free flow of information. This free, non-commercial, wireless access could be a last line of defense in the preservation of an open, decentralized, and fully informed society.

For these reasons, we believe it is imperative that set makers build DTV tuners into new sets, at least sets over a certain screen size. The All Channel Receiver Act of 1962 mandated that new sets had to be built to receive UHF channels, not just VHF channels 2-13. This law was crucial to the success of public television stations, which were assigned mostly UHF channels. Absent immediate voluntary commitments on the part of the consumer electronics manufacturers, we need a similar, federal policy for DTV tuners. We also need assurances—either through voluntary commitments or legislative requirements—that new sets will be “digital cable ready” for plug-and-play access.

Selling TV sets today, in the middle of the digital transition, that can only receive analog signals is like automakers selling cars, just before leaded gasoline was phased out, that could only run on leaded gasoline. Fundamentally, it becomes a consumer protection issue, another area of constant concern of the House Energy and Commerce Committee.

DIGITAL ROUNDTABLES AND BEYOND

Mr. Chairman, public television appreciates the work of you, Chairman Tauzin, Mr. Dingell, Mr. Markey, and your colleagues to bring industry representatives together in roundtable discussions to resolve some of the thorny issues that are holding up the DTV transition. We also applaud FCC Chairman Michael Powell for the voluntary plan he released in early April. These efforts are steps in the right direction. It is very important that these efforts succeed and that cable and satellite operators and television set manufacturers take specific steps to get the digital transition on track on the consumer side of the equation.

However, if these voluntary initiatives fail to produce results quickly, and if our own negotiations with cable continue at their very slow pace, it will mean to us that the marketplace has failed. At some point in the near future, *if* the federal government really wants to achieve its own goals for the digital transition, the federal government will have to step in. The digital transition was started through government intervention in the marketplace, and continued, limited government intervention may be necessary to ensure its completion.

A NEW GENERATION OF DIGITAL SERVICES FOR AMERICA

Public stations have been able to raise the extraordinary levels of state and private support for the DTV transition because of their vision of the use of this unique technology. Our stations were the American pioneers in high-definition production. They are actively planning multicast channels for education and other public services, as I've outlined.

Public stations also are pioneering the use of DTV for datacasting to PC's. Datacasting usually means the encapsulation of Internet protocol (IP)-based content, such as streaming media and attached files, that is delivered over-the-air through the DTV bitstream. I would like to outline innovative applications for datacasting in three areas: education, rural high-speed services, and emergency communications. Public digital stations are beginning to move beyond the planning stage into actual deployment.

Education

DTV in general, and datacasting in particular, hold enormous promise for improving education at all levels. In December 2000, the bipartisan Web-based Education Commission completed its exhaustive examination of the most effective uses of technology for teaching and learning. The commission's first policy recommendation was that bandwidth be made available for universal access to education and training at all levels.

Public *digital* television can meet this goal. In fact, our stations have committed one-quarter of their DTV bandwidth, 4.5 megabits per second on average, to formal education. This is the downstream equivalent of three T-1 lines available to learners everywhere. The value of this connectivity to the nation's public schools alone equals \$2.4 billion per year!

Perhaps the most promising local applications for DTV delivery of education services are in datacasting to PC's and school local area networks (LAN's). Though the consumer market for DTV receivers is problematic, equipping schools and other institutional settings for DTV reception holds great near-term promise. A single antenna on a school roof, connected to a single DTV tuner card on a school server, can provide high-speed datacasting to every PC in the school. This application is highly suitable for employing a "walled garden" approach to provide safe, IP-based educational content to classrooms.

Many public digital stations are currently experimenting with DTV datacasting for education or plan to begin soon. These include KCPT/Kansas City, MO; KERA/Dallas; KUHT/Houston; the Nebraska Network; the New Jersey Network; South Carolina ETV; Twin Cities Public Television; UNC-TV; and WBRA/Roanoke, VA, among others.

I am happy to report that higher education also understands the potential of DTV. In April, the board of the National Association of State Universities and Land Grant Colleges (NASULGC) voted unanimously to form a working group with our association, APTS. We will work to develop policy proposals and pilot projects around the delivery of post-secondary education services through public *digital* television. Our mutual goal is to extend the university through DTV, especially for reaching underserved and nontraditional students.

Support for this new collaboration has come from the presidents of Pennsylvania State University, the University of Georgia, the University of New Orleans, the University of North Carolina, and the South Dakota School of Mines and Technology. The University of Michigan and the University of Wisconsin, an early organizer, also are directly supporting the APTS-NASULGC working group, and I am sure many other institutions will join them. In fact, NASULGC President Peter McGrath is leading the effort to include the other higher education associations. I would welcome the chance to more fully brief the Committee on our efforts at your convenience.

Rural High-speed Services

Local public television stations serving rural areas are uniquely positioned to assist their communities in bridging the broadband access gap between rural and urban areas. The resources of the digital spectrum offer a cost-effective solution for the delivery of high-speed telecommunications services to rural communities. Public television stations are committed to using their digital bandwidth to bring advanced telecommunications services—Internet, video, or audio—to rural areas long before wireline solutions are available. Once converted to digital, public stations—combined with their network of translators and repeaters—can provide not only HDTV and multicast SDTV channels, but high-speed data for PC's as well.

The ability of DTV to provide high-speed data wirelessly can provide the basis for a robust, "asymmetric" network. It can effectively leverage the existing public switched telephone network, built out to Rural America through decades of universal service policies. That's because the greatest bandwidth is typically needed for downstream delivery, which DTV can provide. The telephone system can provide the "return path" for a complete, interactive network.

One of the nation's pioneers in developing high-speed services to rural populations is KNME/Albuquerque. Like the citizens of other western and mountainous states, New Mexicans rely upon translators to extend the reach of television signals to them over distances and terrain. KNME, licensed to the University of New Mexico, is working with other telecommunications providers in the state to plan the digital conversion of its translator network. Their goal is to deploy the network as cost-effectively as possible and establish new digital services and applications. KNME's engineers also are exploring options to make the translator conversion as spectrum-efficient as possible, given the constraints on new translator frequencies.

Unfortunately, rural translator conversion has been the "step-child" of federal telecommunications policy. And public television stations serving rural areas tend to have the most difficult time raising the necessary digital conversion funds. This funding divide threatens to deny rural Americans the many benefits of DTV. In addition, if rural public television stations and their system of translators and repeaters are not supported, as many as 12 million Americans could be at risk for losing their only source of free, over-the-air educational television—digital or analog.

That is why APTS's policy agenda specifically addresses rural digital conversion challenges. We are pursuing 1) federal matching funds for the digital transition of transmitters and translators serving rural areas; and 2) federal policies and rules, consistent with our recent petition filed with the FCC, that allow for the transition of translators. Given the House Energy and Commerce Committee's historic commitment to universal service, we look forward to working with you to ensure access to the benefits of DTV for all Americans.

Homeland Security

Well before the events of last September, the public network in Kentucky, KET, was pioneering the use of DTV datacasting for emergency communications. In initial trials with the Weather Service, severe weather alerts were sent to PC's at first responder locations equipped with DTV tuner cards and antennas. The trials, using KET's digital transmitter in Louisville, proved highly successful. It became clear that DTV can provide important new applications for homeland security. KET, partnering with the Kentucky State Police and other first responders, is now deploying its emergency communications system statewide.

Other public stations are also pioneering the use of DTV for emergency communications. These include KERA/Dallas, KUHT/Houston, KMOS/Warrensburg, MO, in partnership with the Missouri National Guard, and WNYE/New York. Many more stations are in discussions with local emergency response officials.

Datacasting through DTV has many advantages for public safety services. Transmission of this data over the digital broadcast signal decreases minutes of alert time and information lags to just a few seconds. Use of the digital broadcast infrastructure can also bypass the congestion of wireline and wireless services, including the Internet, telephone, and cellular networks, which can plague communications in emergency situations. And, because the datacasting is "addressable" to certain computers, this system could be used to provide secure information to select public safety agencies and their first responders in the field.

A recent report by the National Research Council, released June 25, provides strong policy support for leveraging the DTV transmission infrastructure for homeland security. The report, titled, *Making the Nation Safer: The Role of Science and Technology in Countering Terrorism*, recommended, among other steps, that emergency response capabilities be incorporated into existing infrastructure build outs. The following excerpt is especially trenchant for the hearing today:

"In a crisis, channels to provide information to the public will clearly be needed. Radio, television, and often the Web provide such information today, but it is usually generic and not necessarily helpful to people in specific areas or with specific needs. Research is needed to identify appropriate mechanisms—new technologies such as 'call by location' and zoned alert broadcasts—for tailoring information to specific locations or individuals. To be effective in interacting with individual users, ubiquitous and low-cost access is required..." p. 5-21

Datacasting through public digital television is extremely well-suited to meet the NRCs requirements. It is completely scalable in reaching the public through set-top boxes and PC's equipped with low-cost tuner cards. It also can provide addressable and locally-directed information through selective encryption of data. And it meets the NRCs goal for the "dual use" of civilian infrastructure to reduce costs.

Very importantly, public television does not need additional spectrum to provide emergency services—we can utilize what Congress has already given us. Public television stations have already made significant progress toward the digital conversion. We are prepared to make these datacasting solutions available to the nation.

Last month, DTV emergency capabilities were demonstrated on Capitol Hill by APTS, KET, and one of the leading vendors in this area, NDS, with their team based in Newport Beach, CA. Using the over-the-air bitstream of WETA-DT, simulated emergency alert scenarios were conducted for members of Congress and congressional staff. Other demonstrations and simulations are planned.

APTS has reached out to the Committee to ensure you were aware of the contribution our system can make to emergency preparedness. We hope you will factor in our capabilities as you plan how to best assist the nation in this area. APTS stands ready to work with Congress and the Administration to complete the digital conversion and enable partnerships between public stations and local, state, regional and national public safety offices.

RECAP: ACTION REQUESTED TO ASSIST IN THE DTV TRANSITION

Listed below are public television's requests of Congress for a partial match of local DTV conversion fundraising, as well as other policies to accelerate the digital television transition.

- A “rifle shot” authorization for DTV funding from the House Energy and Commerce Committee;
- Digital funding through CPB in FY 2003: \$137 million;
- Digital funding through PTFP in FY 2003: \$110 million;
- Encourage and, if necessary, require carriage of the full digital signals of public stations by cable and satellite operators;
- Encourage the FCC to adopt a definition of “primary video” to include all multicast streams of programming consistent with congressional intent—legislate if necessary;
- Encourage and, if necessary, require that manufacturers include DTV tuners in new television receivers.

This agenda, if implemented, will ensure that public television stations deploy a new generation of digital services for their communities. It also will give a much-needed shot-in-the arm for the overall digital transition of the television broadcasting industry.

FATEFUL DECISIONS FOR PUBLIC TELEVISION AND LOCALLY CONTROLLED MEDIA

The commitment of Congress and other players to more fully support the DTV transition is a life and death matter for public television and locally controlled media. If stations are denied federal matching funds for the digital transmission build out, many stations—especially those serving rural areas—simply will not make it. And if neither integrated DTV tuners, nor cable, nor satellite provide the public with ready access to the digital signals of public stations, our successes in getting digital stations on the air will mean very little. Public television will not survive for long if people can only receive it as a single-channel, analog relic in a multi-channel, digital world.

With adequate support, however, public stations are prepared to usher in a new generation of digital services for their communities. We can make important new contributions to education, rural economic development, and emergency services, as we have seen. Public digital stations can ensure the survival of locally controlled media in this era of media concentration. And we can help accelerate the digital transition of the television industry, which will free up large blocks of spectrum, stimulate new industries, and pay dividends for our country for many years to come.

Thank you for this opportunity to present testimony. I look forward to your questions.

Mr. UPTON. Thank you.

Mr. Willner, welcome.

STATEMENT OF MICHAEL WILLNER

Mr. WILLNER. Thank you, Mr. Chairman, and thank you for giving me the opportunity to testify here about how cable operators are, indeed, working with public broadcasters to facilitate the digital transition.

I also want to welcome my colleagues from C-SPAN who are here covering this hearing today. You may not realize this, but C-SPAN is voluntarily funded by America’s cable operators and has been since its inception. We kind of consider it our gift to unedited and unbiased democracy.

Mr. Chairman, tens of millions of cable customers today enjoy a host of cable-created arts, entertainment, science, and public affairs programming. However, many Americans still look to public TV as their favorite source of non-commercial educational, informational, and public service programming. We recognize that.

Given the role of public broadcasting, a number of cable operators have negotiated, and others continue to negotiate, complicated agreements with public television stations to carry their digital signals during this very, very complicated digital transition.

For example, our company, Insight Communications, as Mr. Lawson has mentioned, recently announced an agreement to carry digital broadcast TV stations, public TV stations, in all of our fran-

chise areas. Under the agreement, 31 stations are eligible for carriage, at their option, on virtually all of our cable systems throughout the Midwest.

To create additional bandwidth and allow for such carriage, and it is a lot of bandwidth, Insight has invested more than \$500 million to upgrade our cable systems. Indeed, the cable industry has spent over \$60 billion to date, and continues to spend heavily, in corporate, privately funded funding to upgrade its networks for the digital transition.

Many of the markets served by Insight have more than one public TV station. That's a complication. While competing bandwidth demands make it impractical to carry duplicative content, our agreement, in order to provide bandwidth to the public TV stations, in some circumstances requires multiple carriage of those stations.

The give and take that we had to go through in negotiating this agreement highlights the value of marketplace negotiations in finding win/win solutions that allow us to carry the unique digital services offered by public broadcasters while we still preserve the ability to offer other advanced services that our customers are demanding.

Understand this: Cable networks, even at 750 megahertz, have limited bandwidth, and operators must manage that fact very closely in their customers' best interest.

Insight is, by no means, alone in working with public broadcasting. Time Warner Cable has an agreement to carry some 140 TV stations during the digital transition. Here in the DC area, Comcast has negotiated directly with Channel 26 for their digital television signal, and 2 days ago announced yet another agreement in the Philadelphia market. Other major cable operators are negotiating with PBS stations to carry their digital signals.

Mr. Chairman, when all is said and done, compelling digital content is what will drive the digital transition. That's why cable operators like Insight and Time Warner have negotiated MSO-wide digital carriage agreements with PBS.

I am also proud to say that the cable industry was the first, and it still really the only industry, that has endorsed FCC Chairman Michael Powell's plan to accelerate the digital transition. In this regard, leading cable operators have committed to offer to carry high-definition and other high-value digital broadcasts and cabled programming.

Unfortunately, our colleagues in the commercial broadcasting industry continue to ask the government for more giveaways, in this case our property, to require us to carry their digital broadcast signals, as well as their analog signals, during the transition, with no regard whatsoever to the content or quality of those digital channels. Many of those signals will merely be a standard definition digital duplicate of the station's analog pictures.

A dual must-carry policy would remove incentive for broadcasters to create new, innovative digital services since they will be guaranteed distribution, regardless of the programming content or quality. To their credit, public broadcasters seem well ahead of many of their commercial counterparts in recognizing the need to create differentiated digital programs. They have shown us their plans for compelling content on the digital platform and in providing ample

market incentives to cable operators to carry those signals on behalf of their customers.

Mr. Chairman, thank you very much for the opportunity to testify before you, and I look forward to answering your questions.

[The prepared statement of Michael Willner follows:]

PREPARED STATEMENT OF MICHAEL WILLNER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, INSIGHT COMMUNICATIONS

Mr. Chairman, thank you for giving me this opportunity to testify about how cable TV operators are working with public broadcasters to facilitate the digital television transition

Mr. Chairman, PBS and local public broadcast stations make an important contribution in our society. And even though tens of millions of cable consumers today watch Discovery, A&E, The History Channel, C-SPAN and a host of other cable created arts, entertainment, science and public affairs programming, millions of Americans, particularly those who do not subscribe to cable, may still rely on public broadcasters as their only source of non-commercial educational, informational and public service programming. So the cable industry recognizes the valuable role that public television continues to perform and commends public broadcasters for their pioneering public service efforts.

Today, the vast majority of cable operators carry all local non-duplicative public TV stations. This is in addition to all full-power commercial broadcast stations which cable operators also carry. For example, in Springfield, Illinois, Insight carries 2 public TV stations—WILL and WSEC. In a large market like Washington, DC, Comcast and Cox carry 3 PBS stations—WHUT, WMPT, and WETA—in addition to other independent public TV stations.

The focus of my testimony today is on what cable operators are doing above and beyond what the law requires. First, I'd like to emphasize that during the transition to digital TV, cable operators will continue to carry the analog signals of local PBS stations. No cable customer will ever lose access to their local PBS station or favorite PBS program. And once the transition is complete and broadcast stations have returned to the government the spectrum they currently use for analog broadcasting, cable operators will carry the primary video digital signal of commercial and public broadcasters alike. Programs that are carried on cable in analog today will be carried on cable in digital in the future.

Given the vital role played by public broadcasters and the fact that they are well ahead of their commercial counterparts in creating high value digital programming, a number of cable operators have negotiated, or are in the process of negotiating, agreements with public stations to carry their digital signals even before these stations return their analog spectrum.

For example, my company, Insight Communications, recently announced an agreement in principle with the Public Broadcasting Service and the Association of Public Television Stations to carry digital broadcasts of local public broadcast stations in all our franchise areas. Under the agreement, 31 public television stations are eligible for carriage on systems Insight has upgraded to 750 Mhz. To create the additional bandwidth to allow for such carriage, Insight has invested more than \$500 million dollars in system upgrades.

During the transition to digital television, Insight customers will receive a wide array of public broadcasters digital services, including high definition and unique standard definition programs. Many of the markets served by Insight have more than one public broadcast station. While competing bandwidth demands make it impractical to carry duplicative content, our agreement provides in some circumstances for the carriage of multiple public stations that provide differentiated digital services. The give and take we went through in negotiating this agreement highlights the value of marketplace negotiations to finding win-win solutions that allow us to carry the unique digital services offered by public broadcasters while preserving our ability to offer other advanced services that consumers want.

Insight is by no means alone in working with public broadcasting. The second largest multiple system operator, Time Warner Cable, has an agreement to carry some 140 public TV stations across the country during the digital transition. Here in the DC area, Comcast has announced plans to carry the high definition broadcast signal of Channel 26 WETA. And just two days ago, Comcast announced that it had reached an agreement to carry the digital signal of public broadcast station WHYI in Philadelphia.

Collectively, these agreements between leading cable operators and public television stations provide for the carriage of the digital signals of more than 170 local

public broadcasters. I believe these agreements are particularly noteworthy in light of the fact that today less than one-third of the nation's public television stations are transmitting a digital signal. And additionally, other cable operators currently are negotiating with PBS stations to carry their digital signals.

Mr. Chairman, when all is said and done, compelling digital content is what will drive the transition to digital television. That is why cable operators like Insight and Time Warner Cable have negotiated digital carriage agreements with PBS. And it is also why the cable industry is so strongly committed to high definition television. We believe that high definition programming is the very type of compelling digital content that will incent consumers to make the switch to digital and purchase DTV equipment. Cable operators including Time Warner Cable, Comcast, and Charter are currently offering customers high definition programming in a number of markets across the country. Other companies, including Insight, have announced plans to introduce high definition services in the near future.

Cable programmers are also the leading producers of high definition programming. HBO and Showtime both offer separate HD versions of their primary service. HBO alone provides more HD programming in any given week than all of the broadcast networks combined. The Madison Square Garden Network airs the home games of the Knicks and Rangers in high definition. Last month, Discovery launched *Discovery HD Theater*, a 24-hour service offering the Discovery Networks' most compelling content in high-definition.

The CBS and ABC broadcast networks have also made commitments to high definition programming. This is a good beginning. However, we think it is also essential that other broadcast networks and local stations begin to create the HDTV programs the broadcast industry promised Congress when it sought and obtained billions of dollars of public spectrum to transition to digital.

I am proud to say that cable was the first industry to endorse the voluntary plan proposed by FCC Chairman Michael Powell designed to accelerate the digital television transition. Chairman Powell asked the four major broadcast networks, HBO and Showtime to provide high definition or compelling new digital programming during their prime time schedules and he asked cable operators to carry that programming. In May, the industry's 10 largest cable operators endorsed Chairman Powell's challenge by making the following commitments for systems in the top 100 markets that have been upgraded to 750 Mhz and serve at least 25,000 customers:

- By January 1, 2003, these cable operators will offer to carry the signal of up to five digital commercial or public television stations and/or cable networks that provide HDTV programming during at least 50% of their prime time schedule or a substantial portion of their broadcast week.
- As part of this digital complement, operators may offer to carry other "value added DTV programming" that would create an incentive for consumers to purchase DTV sets.
- We will also provide our customers with special HD set-top boxes with appropriate digital connections.

At Insight, we plan to meet our commitment to the Powell Plan by offering a mix of high definition programming offered by broadcasters and cable programmers as well as the digital services of local public broadcast stations. We believe that the digital services offered by local public television stations offer our customers added value.

In the six years since the passage of the 1996 Telecommunications Act, the cable industry has invested more than \$60 billion—or \$1,000 per cable customer—to upgrade our plant to an interactive digital broadband platform. Cable companies invested private risk capital to create a digital platform in order to offer consumers new competitive services—digital video, high definition television, high-speed Internet access, cable telephony and interactive television. However, even with this enormous investment, cable systems have finite capacity. Therefore, cable operators must maintain the flexibility to make choices about the use of our limited bandwidth in order to provide the right mix of digital services to attract customers.

Unfortunately, some broadcasters continue to ask the government for favors—in this case to force cable operators to carry their digital broadcast signals as well as their analog broadcast signals during the digital transition. Rather than invest in high value digital programming that will attract viewers and give cable operators a business reason to carry them, these broadcasters seek to have the government expropriate valuable digital capacity that cable operators have just invested billions to create so that the broadcasters can offer duplicative analog and digital versions of the same programs. Consumers already enjoy very good quality analog pictures. Slightly better quality standard definition digital pictures are not going to offer consumers much more value or incent them to spend \$2,000 for a new DTV. Quite simply, our cable consumers don't want two copies of every analog broadcast station

they currently receive. What they want is digital content that is dramatically different!

Mr. Chairman, the success of the transition to digital broadcasting is largely in the hands of the broadcast industry—by offering compelling digital content that attracts consumers and gives them a reason to purchase new digital television equipment, broadcasters can speed their own transition. To their credit, public broadcasters seem well ahead of many of their commercial counterparts in recognizing this.

Mr. Chairman, thank you for giving me the opportunity to testify before your Committee. I would be happy to answer any questions you or your colleagues may have.

Mr. UPTON. Thank you very much.

Ms. Walker?

STATEMENT OF LAURA R. WALKER

Ms. WALKER. Thank you very much, Mr. Chairman, for inviting me here to testify here on behalf of WNYC radio. I am very honored to be here to provide you with an overview of how public radio stations such as WNYC meet the public service needs of our communities.

Let me give you a little background about WNYC. We have two radio stations. WNYC-AM is actually one of the very first AM stations established in this country. It was established in 1924. WNYC-FM, 93.9, was one of the first FM stations. They were originally owned by the city of New York, and we several years back purchased those licenses from the city of New York and now are an independent, non-profit, locally run radio station serving the communities of New York.

We are deeply, deeply rooted in our community. We actually produce 43 percent of our programming, 146 hours, of music, news, talk programming that is oriented to the local community. We also produce six national series that have an additional audience of 2 million.

Our mission is to provide the highest-quality programming to the New York metropolitan area, programming that makes the mind more curious, the heart more tolerant, and the spirit more joyful. We are really a free classroom, an oasis, I think, amidst the commercial band. We take our mission to educate very, very seriously.

I think no period of time better exemplifies our commitment to the greater New York metropolitan area than September 11 and the months that followed that day. Our studios and our broadcast facilities are located in downtown New York, downtown Manhattan, just about a thousand yards away from the World Trade Center. As Mr. Engel said, our FM transmitter was atop the North Tower.

We knew about the attack as it was happening because we had a staff meeting going on on the 26th floor of One Centre Street, and our staff members saw American Airlines Flight 11 flying and hitting the North Tower. We were actually the very first broadcaster, therefore, to have an eyewitness account, because just about within a minute and a half we had an eyewitness account of the attack.

However, we also at that moment were losing our power on our FM station. Thankfully, our AM station, whose antenna is located in New Jersey, remained on the air.

Our entire staff almost was evacuated from the building because of our proximity to the area. I stayed in the building with a skeletal crew on that day. Our reporters who were originally platooned to cover the primary election and were all around lower Manhattan phoned in reports both to us, to our news room and nationally. So we really were the eyes and the ears to the public radio community.

One of the things that I think kept us going that day was a call I got from one of our staff members who, like many, many New Yorkers, were running from downtown Manhattan up to midtown Manhattan, and reported back that he had heard and seen people huddled around radios on street corners, listening to WNYC. That really kept us going.

By the end of the day, we actually had created backup facilities. NPR, thank you to Kevin and his staff, really housed us in their midtown facilities and allowed us to have a backup facility there. Channel 13 took us in, PRI, Oxygen, Columbia University. Little did we know that we would spend the next 6 weeks operating from all around the city because we had lost contact. As you know, lower Manhattan really had lost all communication out of that area.

The listener response to our coverage was tremendous. We received more than 30,000 letters and emails thanking us for our coverage. One of them from a listener, sent on September 24, was typical. She wrote, "I'm grateful for the astonishing, amazing, moving, informative, intelligent coverage you have all given us, a very beacon for me and others like me whose anchor is WNYC. I want to stress the crucial connection that brilliant local reporting gave us. Thank you for your bravery, compassion, and tenacious diligence in the face of the unspeakable and indescribable."

Since that time, we were able that next Sunday to establish a low-power FM transmitter on top of the Empire State Building, and in April to build a new transmission facility at Four Times Square in midtown Manhattan.

I want to take this opportunity to thank you, Mr. Chairman, members of the committee, as well as the U.S. Congress, and particularly the New York delegation, for providing funding in the form of a supplemental appropriation for that new transmitter, and to thank CPB for their support. This support was greatly needed and very, very much appreciated.

Just one word on digital, as we face that in radio: I am particularly excited about the opportunity that digital radio offers. For our AM station, it will offer, I think, the ability to improve the quality. For the FM station, I think it offers the potential of the ability to create additional program streams, so that we can serve our local communities with distinct program streams, news, and music.

In conclusion, as an independent, locally owned, and non-profit public broadcaster, in this age of increasing media consolidation in the commercial media, we have a unique role and one that I think is increasingly important.

Thank you, Mr. Chairman, members of the committee, for the opportunity to speak to you today. I also want to thank you again for your generous support of WNYC and of the New York community after 9-11. I am happy to answer any questions.

[The prepared statement of Laura R. Walker follows:]

PREPARED STATEMENT OF LAURA WALKER, PRESIDENT AND CEO, WNYC

Thank you, Chairman Upton and Ranking Member Markey, for inviting me to testify today on behalf of WNYC Radio. As President and Chief Executive Officer of WNYC, I am pleased to come before the Telecommunications and Internet Subcommittee to provide members with an overview of how public radio stations such as WNYC meet the public service needs of their communities everyday. For me, no period of time better exemplifies WNYC's commitment to the greater New York metropolitan area than September 11 and the months following that day. WNYC's mission is to provide the highest quality programming—programming “to make the mind more curious, the heart more tolerant, and the spirit more joyful.” Now, more than ever, that mission is critical.

Public Radio nurtures and helps sustain an informed citizenry by putting the necessary resources towards important coverage of national and international news. Public Radio provides a critically important independent voice as conglomerates have gobbled up the commercial airwaves, and media in general continues to evolve into the domain of fads and fluff.

Public Radio has the power to inspire listeners, whether with music or information.

It has developed a truly unique relationship with its audience and the community in which it broadcasts—a relationship based on respect and intelligence, honesty not salesmanship and on genuine interaction rather than superficial indulgences.

WNYC: NEW YORK'S PREMIER PUBLIC RADIO STATION

WNYC Radio is New York's premier public radio service. It comprises two stations: WNYC AM 820 and WNYC FM 93.9 FM. As the nation's most listened-to public radio stations, WNYC AM and FM reach over a million listeners each week in the New York City Metropolitan area—including all five boroughs of New York City, Westchester, New Jersey, Long Island and Connecticut—and extending New York City's cultural riches to the entire United States and air national programming from network affiliates National Public Radio (NPR) and Public Radio International.

WNYC Radio has a long and distinguished history of providing New York and the nation with unique news, educational, cultural, and public affairs programming. WNYC AM, one of the nation's oldest radio stations, first broadcast in 1924. WNYC FM was created 19 years later in 1943. Although both stations were owned by the City of New York and operated by the non-profit WNYC Foundation, in 1997, the WNYC Foundation, which was established by private citizens, purchased the radio licenses from City government. Today, WNYC Radio is run as an independent, non-profit organization.

Since its launch in 1998, wnyc.org has produced a wide range of interactive programming to enhance the listening experience and solicit audience feedback. Those features include live, on-line access—all day, every day—to the AM and FM stations; archived audio of our programs as well as transcripts; and forums for the discussion of national and local events.

WNYC'S PROGRAMMING EXCELLENCE: LOCAL & NATIONAL

WNYC is a strong local voice within the New York community and a national news leader. Our newsroom has produced hundreds of local reports for *Morning Edition*, *All Things Considered*, and *Marketplace*, and our daily flagship programs, *The Brian Lehrer Show*, *The Leonard Lopate Show*, *Soundcheck*, and *New Sounds*, present many live broadcasts and public forums.

In addition, WNYC produces national series such as *Studio 360*, *On the Media*, *Selected Shorts*, *Satellite Sisters*, *The Next Big Thing*, and *The Infinite Mind*. These six programs are distributed to over 400 public radio stations around the country and reach a national weekly audience of more than two million listeners.

WNYC is a leading voice of independent journalism and we are grateful for the national reputation that we have developed for programming excellence. For example, in June, WNYC won six New York State Associated Press Broadcasters Association Awards, including the grand prize award: the Steve Flanders Memorial Award for the best radio station overall. WNYC and Sound Portrait Productions also won the 2001 Edward R. Murrow Award for Best Documentary for *A Public Radio Special Report: The Execution Tapes*.

Through the years, WNYC has also served as a musical and cultural touchstone for our listeners—from radio's very first broadcast of recorded classical music in 1929, to live concerts of tomorrow's *avant garde*.

SEPTEMBER 11'S IMPACT ON WNYC

The events of September 11 truly challenge the commitment and resolve of every one of us. It is at times like these that we rededicate our commitment to public service. Nowhere was that more evident than in New York City. I want to describe to you how WNYC was affected and the extraordinary work that WNYC's staff did in order to continue to serve the people of New York during this crisis. Most significantly, WNYC was able to provide non-stop broadcast service despite having lost its transmitter in the attacks.

First and foremost, no one on staff was hurt, although several witnessed the event up close. Both the FM antenna and the back-up antenna were destroyed by the collapse of the World Trade Center. WNYC was off the air on 93.9 FM for a period of 6 days, but we were able to broadcast on AM 820 at full power 24 hours/day.

On September 11th, I was with a skeleton crew at One Centre Street where we broadcast throughout the day, until all communication and power in the building went down. We lost our AM signal for approximately two hours while we made the switch to a direct feed from the NPR bureau in midtown Manhattan to our AM transmitter.

One day later, we continued to broadcast from NPR's midtown office, where we used makeshift studios in very small quarters. I cannot express strongly enough how supportive National Public Radio President Kevin Klose and his team were in keeping us on the air. To enable us to get our signal from the broadcast site to the satellite, Washington-based NPR staff actually drove a kU-band dish to our AM transmitter, which is situated in New Jersey, on Tuesday night, without which our continued broadcast would have been near impossible. Staff at the New York NPR bureau also worked with us to make room for our activities so that we could continue to serve our listeners and the national community through our news reporting. And again, we are so grateful for the support of the entire public radio community during these difficult days. We temporarily relocated our administrative activities to our friends at WNET Channel 13 public television, and WNET also helped keep our web site running and our online audio streaming.

Under these incredibly challenging circumstances, our news and engineering teams did an extraordinary job, not only keeping New Yorkers informed, but filing stories for the entire nation through NPR.

For our FM activities, we made arrangements with another broadcaster to use their space on the Empire State Building to install a temporary FM antenna. A back-up transmitter was driven to New York from Illinois. We had an active low-power FM signal by the end of that fateful week.

We also offered to simulcast our AM signal on WNYE-FM, the NYC Board of Education radio station, in order to provide the most up-to-date information available on the rescue efforts, school closings and transportation changes. The Chancellor's office accepted our offer and we simulcast on WNYE 91.5 FM.

In the end, many called with generous offers of help and to express their concern. Everyone at WNYC very much appreciated their support. I especially want to take this opportunity to thank you, Mr. Chairman and Members of the Committee, and Members of the New York Delegation, in particular, for providing funding in a supplemental appropriation for New York City. Your support was greatly needed and appreciated.

WNYC'S COMMITMENT TO THE COMMUNITY

After 9/11, WNYC has recommitted itself to the rich and diverse New York community and to youth education. WNYC has always and will continue to reach out into the community and seek to nurture the strong, active citizenry that lies at the heart of public broadcasting and New York City, itself. WNYC recently took the following initiatives:

- the expansion of *Radio Rookies*, an ongoing youth journalism workshop training program operating in the five boroughs of New York City; and
- the development of a ninth grade music curriculum in consultation with the New York City Board of Education;
- the creation of *Soundcheck with John Schaefer*, a new daily program showcasing the finest composers and performers. *Soundcheck* brings listeners live music performed by leading musicians and composers, stimulating conversation about the latest trends in arts and ideas and regular updates on the cultural, musical and artistic life of New York.

In addition, WNYC continues its long-time commitment to partnering with New York City's cultural institutions to present live concert performances, many broadcast nationally, from such venues as the Brooklyn Academy of Music, the New York

Philharmonic, American Music Festival, New York Guitar Festival, World Festival of Sacred Music, and Merkin Concert Hall.

THE COMMUNITY'S COMMITMENT TO WNYC

The overall revenue for WNYC in Fiscal 2001 was \$23 million. Significantly, membership contributions rose a healthy 9% to \$7.2 million, representing 30% of the overall revenue, and the largest source of revenue in that year. Many of WNYC's devoted listener-members also serve as volunteers at WNYC's live community events and in our Listener Services Department.

Underlying WNYC Radio's successes is the support of our committed, diverse volunteer board composed of dedicated individuals with backgrounds in non-profit, business, education and community service. The vision of these leaders has guided WNYC from city agency to independent organization, and will serve it well in the era of growth and opportunity that lies ahead.

CONCLUSION

Again, thank you, Mr. Chairman and Members of the Committee, for the opportunity to speak to you today. I also thank you again for your gracious support of WNYC and of the New York community after 9/11. I am happy to answer any questions you may have.

Mr. UPTON. Well, thank you very much, all of you, for your statements, for your participation in this morning's and this afternoon's hearing.

I would like to say that, when I became chairman of this subcommittee, one of my very earliest meetings was, in fact, with my public broadcasters, and we had a lengthy discussion on the transition to digital and how it was going to possibly come about.

I know that the appropriation process is just starting now in many of the subcommittees this week in terms of markups. We passed two bills on the floor. The Senate is way behind. Obviously, we have this target of May 2003. What was once a long ways away is now obviously not so far off—with tremendous costs.

Mr. LAWSON, you talked about in your testimony a total of \$771 million that you received to date in non-Federal funds. I'm not sure of this, but I think the President's request in his budget that he submitted in February—and, again, the committee has not acted on it, the Appropriations Committee—I think he has asked for level funding, is that right, which I think, back of the envelope, means that you're about a billion dollars short. Is that about right?

Mr. LAWSON. That is about right.

Mr. UPTON. How do you connect the dots here between May of 2003 and a billion dollar shortfall? What is your sense in terms of how you can continue to meet that transition, and what efforts are there to look at other forms of non-Federal support dollars?

Mr. LAWSON. Mr. Chairman, our industry has two appropriations requests for fiscal year 2003 that would really help. Through CPB, for digital transition, we are requesting \$137 million. We are very happy to be in the President's budget. He is quite supportive of us in many ways, but we need a larger number than we were able to receive last year, as great as that was.

We also have a request for PTFP, our facilities program at Commerce, of \$110 million. We know that if Federal funds are put on the table, more State and private funds will come forward to match that. It is also very important to point out, we know of at least three State situations—Florida, Texas, and Wyoming—where State or other funds have been committed, but will expire, in effect, if Federal funds are not put on the table.

Just to indicate an example of the demand and the fact that our stations are ready to go, if they can get funding, in the last grant round at PTFP, requests from public stations for digital transition—and these were matching grants—totaled \$109 million, but PTFP could only award \$33 million.

So we have never asked Congress to cover even a majority of the costs of our digital conversion, but we hope that Congress this year can step up and do a little bit better than the 10 percent figure we are at now.

Mr. UPTON. If it stays about where it is—let's say that the supplemental does not happen, things stay on the path that they are now, what do you think your completion rate will be by May 2003? How many will be on and how many will be off?

Mr. LAWSON. We think, minimum, 20 percent won't make it. Perhaps a third won't make it. Let me also say that, of the stations that have made it, including the 75 that are on now, many of these stations have really gotten on the air with the bare minimum power level and other factors to meet the FCC's requirements.

We know of a lot of stations with side-mounted antennas that don't really cover the metropolitan area, stations that are operating at very low power, stations that can't originate local programming, but they have made the bare minimum FCC requirements. So you have to not only look at whether or not a station is technically meeting the requirements under the FCC and the statute, the regulations and the statute, but what are the next steps in terms of really building out a full digital capability?

Mr. UPTON. Let's go to Mr. Klose for a quick question. What guidelines does NPR have for underwriting to serve as a tool for potential funders when making a decision whether or not to fund public radio programs?

Mr. KLOSE. Thank you, Mr. Chairman. I have those guidelines right here in front of me. I would be pleased to read them to you, if I can find them. Here we are.

The rules for what is permissible have not changed in the 20 years since they were established by Congress and the FCC. Congress' intent was to encourage public broadcasters to generate more revenue through non-Federal means without undermining our fundamental non-commercial nature.

The basic standard against which all underwriting credits are judged is whether the language of the credit is descriptive and non-promotional. NPR, we have our own internal guidelines and review process to ensure that underwriting credits comply with the letter and the spirit of the law.

One of our core principles and values is to remain independent and fundamentally non-commercial in spirit and practice, and we take these underwriting guidelines very seriously. We take seriously any concerns about commercialism. We believe that our underwriting practices are sound.

Mr. UPTON. Mr. Markey?

Mr. MARKEY. Thank you, Mr. Chairman.

Mr. Lawson, DTV, people aren't buying them. I had an amendment in this committee in 1997 that would have mandated by the year 2001 that no television set could be sold in the United States that didn't have the capacity to receive a digital TV signal.

Would you support a mandate that TV sets have to be able to receive a digital television signal, in the same way that Congress in 1963 mandated that TV sets have to be able to receive a UHF signal, so that there could be competition and more choice for consumers?

Mr. LAWSON. We absolutely would support it. In fact, we are requesting it, if in fact the electronic manufacturers don't make some commitments to do just that, some voluntary commitments. We applaud the plan that Chairman Powell submitted, but between 1997 and now a lot of sets have been sold. We could be way down the path toward digital receiver penetration.

I have to say that the All Channel Receiver Act from the early sixties has special relevance for public television. It, as you know, required that new sets over a certain size had to be capable of receiving channels beyond the VHF channels of 2 through 13. They had to receive UHF channels and, since most public stations were assigned channels in the UHF band, it was crucial for the success of public broadcasting.

We think today, Mr. Markey, that selling sets in the middle of the digital transition that can't receive digital signals is like the automakers selling cars that could only run on leaded fuel right as leaded fuel was being phased out.

Mr. MARKEY. I agree with you, Mr. Lawson. Since you are the public broadcasting system, you will be the last ones that are able to turn off your analog signal if ordinary people who only have over-the-air broadcasting are dependent upon you. So the sooner we get to that revolution—by the way, if my amendment had been adopted in the committee in 1997, there would have been 25 million TV sets sold in 2001 and 25 million TV sets sold in 2002, and already 50 million homes would have the capacity to receive a digital signal, and we would be well on our way toward that revolution.

Ms. Mitchell, I would like to congratulate you on the excellent system which you run. Mr. Lawson points out, quite correctly, that channels like WETA, Channel 26, really wouldn't be able to be seen by many people if we didn't have the All Channel Receiver Act of 1963.

But thank God Congress passed that because let's just look at the good news story of the public broadcasting system. Here's what was on commercial television during the day all last week:

On Jenny Jones, "DNA Tests Expose Paternity"; Rikki Lake, "Large Women Who Believe They Can Be Models"; Maurie, "Women Suspect Their Mates of Philandering." On the other half, "Dealing with Jerks," "Hating a Mate's Family," and "Knowing a Man Better." On Montel, "Mothers Get Makeovers" and "Educators Who Have Improper Relationships with Students." And on Jerry Springer, "Women Out for Revenge" and "Secrets of the Strip Club." They could be related topics.

So that is commercial television all day long, no matter which channel you turn to on commercial television. That is how they are serving the public.

Now let's go to WETA, Channel 26, and see what they have on all day long. "Teletubbies," this starts at 6:30 a.m. in the morning. We have "Teletubbies." This is yesterday's newspaper. "Between

the Lions," "Arthur," "Clifford, the Big Red Dog," "Dragon Tales," "J.J. Planes," "Barney and Friends," "Sesame Street," "Mr. Rogers' Neighborhood," "Barney," "Clifford," "Zoom," "Arthur," "Cyberchase," "Dragon Tales," "Antiques Road Show."

And then we hit 6:30 at night now. It is 12 hours later on the public broadcasting system, and we hit this very right-wing program, "Business Report" at 6:30. Then at seven o'clock to 8, we hit the single most respected news program on television, "Jim Lehrer's News Hour," which takes us all the way to eight o'clock at night, which it seems to me doesn't leave a lot of room for a lot of left-wing bias, to be quite frank with you, in the regular programming.

Then you have this other programming that you put on television as well, "Commanding Heights," which won just about every award in the history of television, maybe the most decorated public television show. Please run it again soon because I think it really helped the American people understand the economy a lot better.

So I just want to congratulate you on the excellent job which you do. I think everyone in America appreciates that for a dollar per year they get quality programming that is unmatched by any cable show, any cable channel, that they have to pay for 10, 20, 30 times more in order to get into their home.

I thank you, Mr. Chairman.

Mr. UPTON. Mr. Shimkus?

Mr. SHIMKUS. Thank you, Mr. Chairman.

Mr. Klose, could you burn a CD of that spot that you aired for the committee for me on September 11?

Mr. KLOSE. Yes, sir.

Mr. SHIMKUS. Yes, I would love to have that.

Mr. KLOSE. Yes, sir, we would be honored.

Mr. SHIMKUS. And, Ms. Walker, was there loss of life from the public stations?

Ms. WALKER. Not from our staff, but, as Congressman Engel said, Channel 13 did lose their engineer who was atop the World Trade Center.

Mr. SHIMKUS. He was on top.

Ms. WALKER. Yes.

Mr. SHIMKUS. And I have been here for the whole hearing so far, and I was just trying to make sure I understood that. That is another untold story of public service and the benefit of really free over-the-air public TV, which I support, and someone riding the Towers down and trying to broadcast this tremendous story.

I also wanted to promote WSIU because they did attend the hearing—or the White House in May on childhood literacy, and have been meeting with me on the Ready-to-Learn issues. I, too, applaud that.

Ms. Mitchell, as you know, Mr. Markey and I have been working on a Dot Kids U.S. legislation which would help provide what we think will be a safer location for kids, which I think would tie in neatly with—I know you all have pbs.org and I think it is very successful. My kids have been on there and involved with that site.

But I would just ask for you all to look at and any help you can provide us in moving legislators in the other body to bring that up. We think that really ties very well with what you all are trying to

do in public—you know, four of you there are involved in the public broadcasting business.

Ms. MITCHELL. May I say thank you for that effort. Also, Congress Markey, it was very kind of you to list all those programs that my timed testimony didn't allow me to do, and to thank again the committee's investment in this programming.

PBS.ORG, Congressman, has so many parents and children who visit it each day that we are very concerned that everything we link our parents and children to is also a safe haven. We have bridge facilities that actually tell a child and a parent, "You are now leaving this non-commercial, non-profit space." We call them Web literacy pages, attempting to help children know how to navigate the Web.

So any way in which we are furthering the existence of safe places for children and parents, PBS is extremely supportive of these efforts. Thank you.

Mr. SHIMKUS. I want to thank the chairman. Congressman Upton has been very, very supportive in moving the legislation, but I think the whole hyperlink issue was a great concern to us as we started working on this concern. Because without any parameters, you do lose control. They may safely get into your site but go a site removed, and then it's the Wild West again. Again, any help you can give to that.

Mr. Lawson, I enjoyed your testimony. I have actually pulled out a page of your "Action Request to Desist and DTV Transition." I think there are some good talking points.

Just the \$110 million in the PTFP, that is out of the NTIA, is that correct?

Mr. LAWSON. Yes, sir.

Mr. SHIMKUS. They are the grantees of that?

Mr. LAWSON. Right.

Mr. SHIMKUS. I just want to put that, so we as a committee understand the appropriation.

Now for the big question: How do we reconcile the difference between free over-the-air broadcast, the spectrum space, and my friends in the cable industry? Where is the middle ground in this fight? Because I think most of us understand, if we go digital, there's more space. There will be this analog transition. You are going to have more ability, but there is also the argument from the cable industry that, how much is too much? Are you all working to try to find some common ground or is this you are going to require us to resolve this fire, or are you going to allow the FCC, which neither of you may really want to do in the long-term?

I will ask Mr. Lawson to go first, and if Mr. Willner will follow up, I would appreciate a discussion on this issue.

Mr. LAWSON. Congressman, we would greatly prefer a negotiated carriage agreement, arrangements. For 3 years now there is a joint committee of the PBS Board and the APTS Board that has been working with MSOs to try to reach agreements. As I mentioned, we secured one with AOL Time Warner in 2000. Mr. Willner's Insight Communications reached agreement with us earlier this year. We would like to have similar agreements.

We are not marketers per se. The people on these committees are volunteers. They run television stations or businesses or make pro-

grams who are investing hundreds and hundreds of hours in these negotiations.

For a number of reasons, it is complex, and we understand, we try to understand, the point of view of the cable industry. One of the sticking points is usually, how many stations in a multi-station market will be carried? In a market like this, for example, Washington, DC, there is an agreement with WETA and Comcast which we applaud.

But look at the other stations we hope soon will be digital here. The Howard University station programs to a different segment of the market here, predominantly African Americans. We have two stations in northern Virginia, Channels 53 and 56; 53 programs to an international community here and a lot of foreign news programming; 56 is an instructional channel.

So one of the sticking points has been, and it is a legitimate business issue, how many of these stations will be carried? We are willing to work with the cable industry. We are not asking for any sort of duplication in carriage. But where distinct services exist, we believe they should be carried.

Mr. SHIMKUS. Mr. Chairman, I will yield back my time if you will let Mr. Willner finish answering the question.

Mr. WILLNER. Thank you, Congressman.

The bandwidth capability of a 750-megahertz cable system has been accused of being unlimited by many broadcasters. The fact of the matter is we operate cable systems, many of which, almost all of which now, are 750 megahertz.

We are also fulfilling the dream of the Telecommunications Act of 1996 by delivering a full bundle of telecommunications services over those networks. We are offering interactive digital services, video on demand, high-speed access to the Internet, as well as voicetelephony, the only facilities-based alternative to the local phone companies.

When you do all those things on a 750 megahertz cable system, you fill it up. We look at our system in Louisville, Kentucky right now where we have 250,000 subscribers, and the fact of the matter is we are almost out of channel capacity already.

Yet, we have come to an agreement in our markets with the association to carry the public broadcasting stations if they opt into the arrangement that we have made with them.

When you get into much larger markets and you count how few digital TVs are really out there, and how difficult it is for consumers to make that leap because the consumer electronics industry hasn't yet figured out a way to put the tuners out in a consumer-friendly way, the problem is that we can't use up that bandwidth for so few people watching it at this point of the transition because we will be taking services away that our customers want, and what you wanted from the intent of the 1996 act for us to be providing to our customers. It just isn't there. There is only so much blood out of that rock.

Mr. SHIMKUS. Thank you, Mr. Chairman. Thank you all.

Mr. UPTON. Mr. Sawyer?

Mr. SAWYER. Thank you, Mr. Chairman.

Let me reiterate the second part of Mr. Shimkus' question. I was actually going to ask you both the same thing. But the second and

unaddressed component was, at what point do we, as a Congress or the FCC, step in? Could you give us some thoughts about how we can do that in a way that would be least disruptive of the services that your customers expect?

Mr. LAWSON. We applaud the digital roundtables that the leadership of this committee and the full Commerce Committee has had with key industry players. We hope that those succeed.

I cannot give you, Congressman, a date certain where basically APTS and our Board would say, "Well, this isn't working. The marketplace is failing here. We have to go to Congress."

But I think the more that Congress does express its concern about the slow transition, the fact that cable carriage is absolutely required to reach the 85 percent receiver penetration threshold in the law for the analog channel give-back, the more it helps us, frankly, in terms of negotiating these voluntary agreements.

Mr. SAWYER. Mr. Willner?

Mr. WILLNER. Congressman, let me give you another argument. In fact, that if Congress does find a way to force a carriage of digital signals over cable systems, that broadcasters are disincented; they have no reason to invest in new, innovative, sometimes expensive new programming because they are getting their distribution anyway.

So, in fact, in the school of unintended consequences you might, in fact, be deterring consumers from going out and spending the money on digital televisions if you disincentivize broadcasters from creating the new content that you are seeking over digital.

Mr. SAWYER. Thank you. I am glad I was able to give you a chance to say that.

Mr. WILLNER. Sure.

Mr. SAWYER. Mr. Coonrod or Ms. Mitchell, I mentioned in my opening statement a concern about subscriber fees, particularly for educational content to school systems. Given the wholly uneven fiscal condition of school systems across the country, can you comment on the potential that such subscriber services would have in further disequalizing the difference between have and have-not school districts?

Mr. COONROD. Do you mean subscriber fees in an individual environment where these would be addressable services or do you mean in the current situation?

Mr. SAWYER. Well, in the case where there are specific dedicated subscribe-fee-driven services to school systems.

Mr. COONROD. Okay. Well, for example, the public television stations have agreed to make a quarter of their bandwidth available for educational services. Those would be over-the-air public services. There would not be subscriber fees attached to those kinds of services.

Mr. SAWYER. Those aren't the services that I am talking about. I am talking about the ones that would have subscriber fees. Or am I just simply mistaken that you have no such plans to do that sort of thing, as an understandable effort to try and build revenue streams to—

Mr. COONROD. There are a number of plans underway. There is a lot of R&D work that is being done. Among those are plans that might include subscriber fees for certain educational services, but

those would not replace existing free services. Those would be in addition to the existing free services. So there is nothing that would require existing services or over-the-air services that are free of charge to add a fee to them.

There may be new services that would be supplementary. Those are still in the development stage. There are none that are about to roll out in the next year or so.

Mr. SAWYER. Well, you can understand my concern, that when we are talking about a public asset like the spectrum that we are talking about, that we make sure that, regardless of the financial condition of school districts, that they have an opportunity to take advantage of these new services that will clearly go to some school districts who are able to afford it and may well not go to others.

Ms. MITCHELL, do you want to comment on that?

Ms. MITCHELL. Yes, Congressman. The services that PBS provides, the free online lesson plans, Teacher Source, Teacher Line, Ready-to-Learn programs will all continue to be free and available to all school systems.

Some of our adult learning services are in partnership now with colleges and universities. I think perhaps Mr. Lawson might want to speak to the business plans that are being developed, as Mr. Coonrod indicated, looking forward with digital, that might help us support additional educational services.

Mr. SAWYER. Mr. Lawson?

Mr. LAWSON. Mr. Sawyer, there's a lot of models out there that our stations are looking at. In some cases stations have contracts or are entering into contracts with their State departments of education. These services have to be paid for somehow.

The cases that Pat mentioned, there is some Federal funding for early childhood service. In some cases I am sure that there will be subscription models. We are influenced in this by the findings of the Web-Based Education Commission, the bipartisan commission which reported in December of 2000, I believe, after probably the most exhaustive study of what is working and what are the challenges to the use of technology in education and training.

They made a couple of recommendations that are relevant here. One is that bandwidth should be made universally available for learning anywhere anytime. I think digital television can play an enormous role in meeting that goal.

Second, they looked at the challenge of creating these new generations of content for specific education needs. They strongly endorse the concept of public/private partnerships, to adopt that.

We know the schools buy textbooks. We know they are buying increasingly audio-visual materials. Our stations, I hope, will be able to fully participate in that through different business models.

Mr. SAWYER. Thank you all for your answers.

Mr. UPTON. Mr. Bass?

Mr. BASS. Thank you, Mr. Chairman.

Mr. Klose, I have a question concerning radio, digital radio. We have talked quite a bit about the needs of public TV during the digital transition. We have talked about that more than we have about radio.

Can you describe what the FCC order is likely to look like and what the successful radio transition to digital will provide, if I can

use an overused quote, “listeners like us,” relative to the cost for TV?

Mr. KLOSE. Mr. Bass, we expect that fairly soon there will be an industrywide standard promulgated by the regulatory authority, by the Commission. Going into that space, we are eager to see, and we have made such representations—basically, in public radio many of our member stations, there is much more high-quality programming right now than they have capacity to get to audiences. Many of our stations, even the statewide systems or the regional systems, have only one signal or virtually one signal.

We view the digital bandwidth—we have made a proposal that for public radio it be allowed for us to, in effect, multiple in the bandwidth, and we could, in effect, get two channels in that space. That would help us and help our member stations enormously to bring forward to the community new kinds of programming, and programming which is already out there which they can’t hear.

Mr. BASS. So what you mean here, what you are saying is you can broadcast two different formats on the same bandwidth if you have digital?

Mr. KLOSE. That is our proposal, yes. Yes, sir.

Mr. BASS. Which would, in essence, double your capacity?

Mr. KLOSE. That is, in effect, what is technically possible. That is the discussion or the presentation we have made.

If that were to happen, of course, it would be enormously useful to the public service of our member stations. Typically, a local station right now may take as much as 40 percent, but hardly more than that, coming from other producers. Most of our member stations produce the majority of their quantity right in their local community. It is really a locally based system, very much so. They could expand that, and nobody is better qualified to serve the community at the level of community service than individual NPR member stations.

Finally, we also would see in the digital transition, the signal, we believe it would be equally good, and there’s some engineering discussions about this, about exactly the quality of it. We believe it is as good as we have now, and public radio stations use the analog signal in a unique way that allows for a very dynamic signal that has very high highs and low lows. It is not engineered for loudness; it is engineered for the nuances of the human voice and of music and of other—

Mr. BASS. Is this signal, is this an expensive proposition you are talking about?

Mr. KLOSE. The third piece I wanted to get to is, it looks to us, and I want to be very careful about this, but it is nowhere near the cost of the transition in television. I don’t want to make a figure because I don’t have it in front of me, and we are looking at those figures very carefully to make sure that they are as nearly accurate as they can be.

One of the issues, finally, is not just the transmitters, but also there are going to be signal issues for antennas, for projecting in new ways, because of the overlap of digital and analog. That is a concern to us. We are trying to take a good survey of what those costs would be station by station.

Mr. BASS. Technologically, though, is there a challenge there as well?

Mr. KLOSE. There will be a challenge to make sure the signals are separated enough so there is no interference.

Mr. BASS. Okay. Let me move on to Mr. Willner. Thank you for working with PBS. I join my colleagues in thanking you for working with them toward a carriage agreement.

I believe, in response to a question asked by our chairman, Mr. Upton, Mr. Lawson suggested that 20 percent of the stations might not be transitional by 2003, and that those that do make it, they probably, or many of them, may not be creating local content or using advanced services.

I was wondering if you had any perspectives or observations about that answer, and whether or not you are considering these issues in the context of your negotiations with PBS.

Mr. WILLNER. Well, you know, we discuss very carefully with all content providers what it is they want to deliver to our consumers, because we, as the cable operators in a community, need to be responsive to those community desires.

The reason why we were able to conclude a transaction with PBS was because they came to us with a plan. We understood the programming that they were delivering. We thought it was tremendously additive to the entire set of offerings that we are delivering to our digital consumer base. We, therefore, came to a market agreement to carry them.

With all that said, it is still a very complicated discussion, one where we have to weigh the use of the bandwidth against the benefit to the consumer, and how many consumers are actually, in fact, going to be able to receive these signals.

We think, I think, as a cable operator, that high-definition television is a terrific way to utilize digital frequency. We also think that multistreaming, if we understand the content, and we think the content is additive, is also a terrific way of delivering digital signals to consumers.

So, remember also, the cable industry, having spent \$60 billion in upgrading its plant to be able to deliver all these digital signals, we have to go to our congress, too, but it is up in New York on Wall Street. We have to ask them for money. So we have to be very careful that we are utilizing the bandwidth as best as possible.

Mr. BASS. Thank you, Mr. Chairman.

Mr. UPTON. Mrs. Eshoo?

Ms. ESHOO. Thank you, Mr. Chairman. Once again, thank you to each one of our panelists that are here today to testify. It is always a pleasure to hear you and to hear the progress that has been made from year to year on so many of these issues. Obviously, we are not without our problems, but I still think that we are moving in the right direction.

I would like to just lay down some things for the record relative to Ms. Lafferty's testimony here today. I want to state very clearly for the record that I am glad that you are here. I think that this is—I not only think it; we all know it—this is the “house of the people.” Whether we agree or disagree on one issue or a hundred issues, this is your place as well, and you have an equal place at the table.

But I would like to go through a timeline on the issue that you brought forward, because I find it to be disturbing in terms of what you stated, but there are always two sides to every issue.

On January 4 of this year, NPR reporter David Kestenbaum called TVC, the Coalition, and spoke to you, as you testified today. On that same date, January 4, the Coalition issued a press release accusing NPR of smearing Christians, conservative Christians.

Now I think that the committee members and the public should keep in mind that nothing had been aired on NPR. This is a reporter asking a question. Now I understand being asked very uncomfortable questions, and it can be debated as to whether it was a fair question, whether it was a hard-ball question, whether it was an appropriate question. I don't blame you for saying, you know, to say, "Why would the FBI be calling me?" I think if the reporter had called me, I would say the same thing.

But I do question putting out a press release. Let me read the press release that was put out by the Coalition that date that you got the phone call.

Quote: "National Public Radio is the broadcast arm of the liberal establishment. The First Amendment is a one-way street from NPR. Their reporters have protection, but religious groups like ours are suspect. No wonder many in Washington refer to it as National People's Radio. It is a taxpayer-funded employment program for left-wing reporters who can't cut it in the Big Leagues because their bias keeps getting in the way.

"This is a baseless and factless attempt to smear conservative Christians by saying we are the moral equivalent of the Taliban. NPR's radio scripts are being written at the Democratic National Committee."

This is before anything was ever aired. In my judgment, I have to say, I think this is a little over the top. This is a reaction, an overreaction, to admittedly a question that you found inappropriate and violative, but nothing had ever been aired.

On January 8, the Coalition issued a press release about NPR and the TVC story in The Washington Times. Again, this is before anything was aired.

On January 22, NPR broadcast the Kastenbaum piece, mentioning his contact with the Coalition during "Morning Edition."

On January 23, the Coalition issued a press release accusing NPR of implicating the organization in anthrax mailings.

On January 29, NPR aired a statement, and this is important. Before going through this timeline, I said in my opening statement, "Look, as adults, get together and iron this thing out."

On January 29, NPR aired the statement during "Morning Edition," stating it was inappropriate for the reporter, David Kestenbaum, to name the Coalition on air. They said that about the reporter. NPR places a written copy of the retraction on its website.

On January 30, the Coalition sent a letter to NPR President, Mr. Klose, regarding Mr. Kestenbaum's report and threatened legal action against NPR.

On January 31, the day after, NPR sent its first letter to the TVC Chairman, Reverend Louis Sheldon, seeking to establish con-

tact and resolve the matter in a mutually agreeable manner. TVC does not respond.

On February 1, NPR sent its second letter to the Chairman to establish contact and resolve the matter in a mutually agreeable manner. TVC does not respond.

On February 4, NPR sent its third letter to the Chairman seeking to establish contact and resolve the matter in a mutually agreeable manner. TVC does not respond.

Now today I was rather moved by Mr. Klose apologizing, sitting right next to you, saying, "We made a mistake. We apologize."

Christians value forgiveness. We have been taught to forgive. Someone has apologized, and I think that it is only in my humble view that that be accepted. Now you don't have to, and whatever, but I think that to come here to the table and say today—and, again, it is your prerogative to do so—that it is time for Congress to say, "No more" to NPR, on behalf of 43,000 churches—that is a lot of churches; I don't know whether mine is in it, but I am a Christian—and the others that NPR has smeared and defamed. You are urging the Congress to eliminate all taxpayer support for NPR.

Do you still, given the apology today and the acknowledgment, do you still hold that position, Ms. Lafferty? Do you or don't you? Just yes or no, because this is my time.

Ms. LAFFERTY. I think that it is a little bit late.

Ms. ESHOO. Okay, all right.

Ms. LAFFERTY. There's a little bit more than just a simple apology, and Mr. Klose knows that.

Ms. ESHOO. All right, so you're saying no. Let me ask you this: Has this been a longstanding position of the Coalition or is it as a result of what you brought forward today?

Ms. LAFFERTY. Is what a longstanding position?

Ms. ESHOO. Defunding, completely defunding NPR.

Ms. LAFFERTY. We have had a lot of concerns about a variety of things. This is the first time I have testified publicly about it.

Ms. ESHOO. Thank you. Thank you very much.

I wanted to enter this into the record because I think that in many ways this timeline speaks for itself.

Let me go to Mr. Lawson. How will your proposed Homeland Security Network enhance public safety? If it were in place on September 11, what would it have done? I know that trying to turn the hands of the clock back is always a difficult thing to do, but maybe in that context it would brighten and cast that bright light on this very important effort.

Mr. LAWSON. Well, we are definitely not offering a silver bullet. However, as we all know, on 9-11 it was extremely difficult to make a phone call here or a cell phone call. The Emergency Broadcasting Service was never activated. The first-responders could not talk to each other. As I understand, the DC Government and Office of Personnel Management could not really communicate.

What DTV offers is a very scalable, powerful, congestion-free wireless communication source that can overcome that congestion. It has been clear for some time that the PC will be just as likely a reception device as the television or set-top box. You can buy off-the-shelf tuner cards for PCs for \$200 or \$300 or \$400 with anten-

nas. That is what we demonstrated that Mr. Engel was commenting on here in the Cannon Building.

You could use that system to distribute alerts to the public. A million equipped PCs can receive it just as easily as one. There would be no crashing of servers or congestion.

You can also encrypt some of the data, so that only authorized users would be able to access it. There would have to be some secure connection. In the Kentucky model I believe there is a connection between the Governor's office and the Emergency Management Agency there and the KET network.

So there would be a server-based connection where the emergency authority could override whatever was being distributed and send out these alerts. There could be a first alert. They could, in effect, wake up the computer or somehow take priority over whatever anyone might be doing on the PC at that time, and then the ability of DTV to deliver massive amounts of data would allow you to send video, files, whatever, in seconds and update them, such as how to evacuate Washington, if it came to that, which bridges are open, CDC information, that kind of thing.

Ms. ESHOO. Thank you very much. Do I have time for another question? No? Thank you, Mr. Chairman.

Mr. UPTON. The gentlelady's time has long expired.

Ms. ESHOO. Thank you.

Mr. UPTON. The gentleman from Mississippi, Mr. Pickering.

Mr. PICKERING. Mr. Chairman, if I could yield my time to the gentleman from North Carolina, and then come back, I think he has a conflict that he needs to go ahead and go before me. So if you would, I would defer until after the gentleman from North Carolina speaks.

Mr. UPTON. All right, Mr. Burr.

Mr. BURR. I thank the gentleman.

Mr. LAWSON, let me ask you, do you feel that it is appropriate for this committee to review the Community Service Grant Formula and how this formula may adversely, though unintentionally, affect or penalize public television stations that operate statewide?

Mr. LAWSON. Absolutely.

Mr. BURR. It is appropriate?

Mr. LAWSON. Yes.

Mr. BURR. You mentioned earlier that there were some mistakes that you made. Were one of those mistakes the memo that was entitled, "Urgent Action Alert," sent out on October 26, entitled, "Threat to PBS Programming, Independence, and DTV Funding"?

Mr. LAWSON. That was one of the missteps, and I don't apologize at all for alerting our stations to the situation. Some of my wording was perhaps inappropriate.

Mr. BURR. Well, let me ask you about some of the wording, and I will give you an opportunity just to clarify it for us.

You talked in the memo about Community Service Grants. You said, "Our continued success and security and DTV funds has been severely threatened by congressional reaction to this issue. Also, our industry's longstanding opposition to any congressional meddling in PBS programming decisions or budgets has been challenged."

Let me ask you to define for us your use of "meddling."

Mr. LAWSON. The meddling is something that greatly concerned our organization. We did not take exception to the Members of Congress or this committee looking at CPB grants or the way they distributed grants.

However, at that time we were aware of discussions that would link somehow those grants to PBS dues assessments that they levy on their own stations.

Mr. BURR. But this was a memo directly about a hearing. It was in response to the notification, or at least the unofficial notification, of a hearing. Granted, you mobilized your stations, as you should, as their representative up here.

I guess my question is, was the fact that we were having a hearing meddling?

Mr. LAWSON. No, sir, we have looked forward to this hearing for a long time.

Mr. BURR. Let me go on in your memo, then, if I could. On the second page, it said, "Predictably, however, the hearing is shaping up as a catchall vehicle for airing complaints that certain members of the Commerce Committee have with public television. We have been informed that additional topics for discussion will include underwriting practices for programming and FCC rulings on ancillary and supplementary DTV services. This is becoming a real witch's brew."

Define for me your use of "witch's brew."

Mr. LAWSON. Well, you'll forgive the poor attempt at humor, but it was, the hearing was scheduled for Halloween.

We have a responsibility to alert our members. We are a trade association. We represent them here in Washington, to alert them to not only hearings, but issues that will be brought before Congress or brought up in Congress. We have to get our stations prepared to respond to these questions. Underwriting guidelines, other issues, some of which were aired today, we have a responsibility to get our stations ready to answer that and to communicate with their own Members of Congress.

Mr. BURR. And I understand that is the role of one who is paid to lobby Congress. Let me just suggest that I hope all of us are clear in the fact that we also have a responsibility, this committee specifically, a responsibility as it relates to the authorization of this entity and a responsibility to the American taxpayer that, in fact, this is the wisest use of whatever dollars.

I hope we complete the digital conversion, and I assure you we will play our role in that conversion. When there has been a problem like the loss of towers, we stepped up in supplementals and we built the towers. Congress has not been absent in the process, but we have been excluded. I think when we asked for inclusion, the words that were used were, in fact, inappropriate, and I am glad you have been given this opportunity to define your usage of them.

Let me say to Ms. Mitchell that I want to thank you personally, as well as Mr. Lawson, as two individuals who took the time to come meet with me personally, to answer questions that I had, and to educate me on the challenges that both of you are faced with that we on this committee might not have been aware of, and certainly it was educational for me.

I want to, in ending, allow Ms. Lafferty to expand on Ms. Eshoo's question, and that was as it relates to the apology. There seemed that there was more that you wanted to add to that, and I would allow you the rest of my time to do that.

Ms. LAFFERTY. Thank you. I appreciate that, Congressman.

She rambled on a lot of different points, and I would like to address them.

We felt that it was important to alert the public to the phone call that we got. The call was based on a supposition that National Public Radio had that a Christian organization that disagreed with a United States Senator would try to murder him by sending anthrax. That is the supposition.

So, based on that, we felt it was important to let the public know where NPR was coming from, and so we issued the press release. What is so amazing, and I think Ms. Eshoo's logic is a little bit skewed here, because, clearly, they ran a defamatory story later, a couple of weeks later. So our outrage was legitimate when they did end up writing the story.

The other thing is that we did receive correspondence from NPR. We were at a conference for a number of days and weren't available. We contacted our legal counsel, who has been in touch with them. I believe they have even contacted, hired an outside law firm to deal with this issue because they know they have a problem.

In the correspondence they have said they want to resolve this matter from both standpoints. There is only one standpoint. The NPR is treating us and me like the rape victim, the victim who was in the wrong place at the wrong time, and it was her fault. No, it was not Traditional Values Coalition's fault. NPR ran a defamatory story against Traditional Values Coalition, against Christians, against conservatives, and they have to answer for that.

Eight million people heard this story on the radio. Then their ombudsman continues to attack us on the Internet. They need to make some serious policy changes at National Public Radio, and they have yet to do that.

Again, I appreciate you allowing me to respond.

Mr. UPTON. The gentleman's time has expired. The gentleman from New York, Mr. Engel.

Mr. ENGEL. Thank you, Mr. Chairman.

I want to, first of all, tell Mr. Lawson that I want to commend him for the fine work he does. In my opening statement I mentioned the demonstration in Cannon. Ms. Eshoo asked the question. I was sorry that a number of our colleagues did not go to that demonstration because it really opened my eyes in terms of how public television is looking for ways to use its spectrum more efficiently.

As you mentioned, Mr. Lawson, in your testimony, you don't need additional spectrum to do this. You can do this with the spectrum you have. That is something I think is very, very significant, broadcasting emergency information, and you and the Kentucky station are really to be commended.

You spoke, in answering Ms. Eshoo's question, about expanding some of the other technical capabilities of the system. One of the things I thought of, I would like you to comment on, is, could the computers in congressional offices, for instance, be set up to receive specific information?

Mr. LAWSON. Absolutely, and the configuration would be either indoor or outdoor antennas connected to a tuner card directly to the PC or to a LAN. You could basically get DTV signals into the House LAN through a single antenna, but you would probably want some redundancy. It would not interfere with receiving information, Internet content, or whatever, from other sources on the same PC.

Mr. ENGEL. Well, I think it is really exciting. Again, I want to really commend you. I think this is certainly the wave of the future and something that Congress ought to work with you in coming to fruition.

I also wanted to comment on some of the things that my colleague from North Carolina said. I happen to think, frankly, and I think anybody who is looking at this objectively would think, the fact that PBS calculates formulas to determine the cost of PBS programming that public television stations are charged, and that you charge stations for different packages of national shows to be broadcast in local areas across the country, I think it is logical that you would be concerned that somehow Congress might be wanting to use that as a club for the grants that are given to you or the monies from Congress that are given to you.

I think that if I were in your shoes, I would resist meddling by Congress to try to effect the content of broadcasting that you are putting forward. I understand that in the North Carolina situation that the North Carolina station, the PBS station, is very satisfied that they were being treated fairly and are being treated fairly, and any discrepancy or differences that may have once been there have now been taken to their satisfaction. So I just wanted to state that for the record, and I wanted to ask you if you wanted to comment on that any further.

Mr. LAWSON. Yes. Mr. Engel, we had 13 General Managers on the committee that was reviewing the CPB side of those formulas, seven station representatives from the ad hoc committee of the PBS Board. Those formulas, like any formula that Congress has oversight of, never please everyone, whether it is crop subsidies or net tax benefits to a state.

But we did reach a consensus within our industry. It did improve the situation for a number of State networks, including North Carolina, and we are very happy about that.

Our concern was that there could be an attempt to link the Federal funding, the Federal grants, to the other side of the equation that some people make. That is the PBS dues assessment of their stations. That concerned us because PBS is a 501(c)(3) organization owned by its member stations.

The decision over how those stations choose to assess themselves for PBS programming should be a private matter. We have no dispute with the jurisdiction over CPB, and we welcome any inquiry, as has been said today repeatedly, into any of our programming or practices. But we were concerned that an explicit linkage between Federal money and PBS programming budgets could create some problems.

Mr. ENGEL. Well, I think those concerns are well-founded, and I just wanted to give you a chance to explain that. I think that that

is something that anyone in your shoes would have been concerned with.

Mr. Coonrod, I also want to commend the good work that you do. In your written testimony, and some of this was asked before, I think, by Mr. Markey to Mr. Lawson, but I wanted to highlight it again. In your written testimony you mentioned that 20 percent of public broadcasting stations, 76 of 356, are able to broadcast the digital signal, and the “total cost to creating the fully operational digital public broadcast stations is estimated”—I’m quoting from you—“to be more than \$1.8 billion, and the stations have already raised nearly \$750 million,” which leaves the billion gap—I think it was Mr. Upton who mentioned it actually—the billion dollar gap before.

The Federal commitment in the last 3 years, you state, is just over \$123 million, including grants from the Public Telecommunications Facilities Program at the Department of Commerce and \$45 million appropriated by Congress to CPB.

You mention in your testimony that these grants, under the requirement set by Congress and the administration, and the guidelines issued by CPB, these grants must be put toward digital transmission facilities.

So I wanted to ask you if you wanted to expand on that, because I think it is so important that Congress come forward, as I think Mr. Lawson mentioned before, with monies, because a lot of these monies that Congress puts forward are generated by matching funds that can be created on the State level.

Mr. COONROD. Thank you, Congressman. I just would say that I have visited some 20 or 25 stations recently, and in most of those stations there is concern about the lack of strong Federal support for this, for the digital conversion.

To the extent that there could be an expression of strong congressional support, I think it would release additional funding that is available, not just at State governments, but also local philanthropies and corporations.

The other thing I would note is that the money that we have been appropriated to date is going to make sure that the stations can meet the FCC requirement to be on the air by May of 2003. There’s a concomitant issue here that I think is very important to keep in mind, and particularly when we were talking about the desire to get negotiated agreements with the cable industry.

There’s a pressing, an urgent need for us to develop the kind of digital content that the stations can use and can demonstrate the value, not just in their communities, but to the local MSOs, so that there could be better cable carriage of the digital signals.

PBS has a number of ideas; others in public broadcasting have a number of ideas. Part of our 2003 request is for money to help develop the new digital content, so that we could demonstrate the full potential of DTVs.

The 2003 request, by the way, is for \$137 million. It is a large number, but it is the delta, the gap from the previous request that we have not yet received.

Mr. ENGEL. Well, thank you. I would be happy to work with you on that.

Mr. Willner, in your testimony, first of all, I think you pointed out something that is very, very important, in that consumers are really not yet aware of the fact that they are buying, even to this day, obsolete TVs. I think when they find out, they are going to be outraged, and I think you pointed that out.

Insight Communications, as you pointed out, has really been very innovative in terms of doing an agreement with PBS and APTS. You say in your written testimony, carry digital broadcast of local public broadcast stations in all your franchise areas, and you talk about the vital role played by public broadcasters.

I want to commend you for what you are doing, and I would like to encourage some of your colleagues to do the same. I think that you have shown that you can do it, and do it quite successfully. It is really a blueprint of, I think, what other cable operators should be doing and looking toward doing.

So I want to commend you for that, and I wonder if you can tell us a little bit more about it.

Mr. WILLNER. Well, I appreciate that, Congressman. Insight operates, the largest market we operate in is Louisville, Kentucky. They have two PBS stations. It becomes much more complicated in the largest markets in the United States, where they have three, four, five, sometimes even more, PBS stations, and that they only way a universal agreement can be agreed to is if all of them receive carriage, even if there is duplicative programming on each of those stations. That is a very inefficient use of very, very expensive bandwidth.

I think that has been one of the hangups in terms of a more universal result here. On the other hand, Comcast has made the choice that at least for now they are doing it on a market-by-market basis. I think that they are plowing forward very aggressively in making arrangements with individual PBS stations.

Mr. ENGEL. Thank you. I have one final question to Ms. Walker, but before I just want to reiterate again with Mr. Klose that I appreciated him coming into my office to chat very frankly with me. I really do appreciate it, and I really have seen an attempt in my listening to really address some of the problems that we discussed. So I thank you.

Ms. Walker, as you mentioned, as I mentioned in my opening statement, WNYC and WNET were affected on September 11 more than any other public broadcasters, and you remained on the air and did your job. I think it is something we should keep saying.

I would like you just to answer a question about one of the issues that obviously faces New York City as a result of the destruction of the World Trade Center Towers, and that is transmission capabilities. What efforts are underway to find a new location for broadcasters since the World Trade Center went down?

Ms. WALKER. I think radio and TV are a little different, although we share the same issue. One of the things we found—and thank you for your question—one of the things we found on the 11th was that it was not really probably a good idea to have our primary transmitter and our backup transmitter on the same location. So that is part of what we are addressing, particularly when the location that was the one that would be the most natural would be the Empire State Building, yet another symbol.

So we have made the decision to have our primary and our backup on two different locations, with the primary on Four Times Square, and we are still in negotiations with the Empire State Building. There are some real limitations, I think, to what the Empire State Building can carry.

The television stations, in particular, as you know, I think are looking at alternate kind of transmission facilities. That effort is being led by my colleague, Bill Baker, at WNET, and some of the other commercial TV stations, to find on Governor's Island or some other location a place for the television transmitters.

Mr. ENGEL. Well, thank you, and it is good to see you here.

Ms. WALKER. Thank you.

Mr. ENGEL. Thank you, Mr. Chairman.

Mr. UPTON. Mr. Pickering.

Mr. PICKERING. Mr. Chairman, thank you. I would like to express my appreciation for this hearing, talk to you about my ongoing interest in making sure that rural states are equal partners in the production and the funding and the digital conversion.

What I would like to do, though, with my time is talk a little bit, I hope in a very positive and constructive way, as to how we can begin bridging the gaps or resolving conflicts that are embodied or manifested across the country and in the debate that we have here today with NPR.

Ms. Lafferty was right to be offended with the reporting. She was right to be outraged.

Mr. Klose, I appreciate you apologizing.

There are some underlying issues, though, and what I would like to try to do with my time is ask some questions and then, if I can, put it in context that I hope will appeal to everyone's better angels.

NPR and CPB have some done some wonderful programming that would capture the broad mosaic of our country and our people. They have done wonderful historical, whether it is the Civil War or baseball or "Commanding Heights," to give greater understanding to people in our Nation and capturing the heart and the essence of various communities across our country. I think that is all a positive contribution, their educational program.

But the area where we seem to have the contention and the conflict with public broadcasting is the area of cultural conflict or cultural struggle, or the conflict of values, and how can we promote the common good or the common understanding without demonizing one side or the other, or without being biased toward deeply held values or views one side or the other.

Let me ask a quick question and then I will come back. Mr. Klose, Mr. Coonrod, can you all think of any examples where you all have looked at the conservative evangelical Christian community and had a positive story or portrayal of the works that they are doing in communities across the country? Mr. Klose?

Mr. KLOSE. Congressman, I don't have it at hand, and I would like to be able to respond to you. So I would like come back to you on that question, please.

Mr. PICKERING. Mr. Coonrod?

Mr. COONROD. I could answer more generally, Congressman. A very well-respected program that CPB funds on public television is "Religion and Ethics Weekly," which is a program that deals with

questions of values and religion in a very constructive way. It is a program that has the strong support of religious institutions across the board.

I don't know whether that program has dealt specifically with the topic. I guess Pat is saying, yes, it has dealt specifically with that topic.

But it is the kind of program that public television supports and that CPB specifically provides funding for on an annual basis, along with a Lilly Endowment.

I would also mention that a program that has been popular in Minnesota, a radio program called, "First Person Speaking of Faith," has now been cleared for national distribution, so there will be a regular weekly national program about people speaking, their own testimony, about their religious convictions. That show will be distributed nationally beginning I think this week or next week.

This is an important topic, and we do need to find ways to both demonstrate our conviction and our belief that we must reflect the range of views in this country and the range of beliefs in this country, and we also must find ways to make sure that the people, the broad public understands that.

I think Pat wants to comment on that.

Ms. MITCHELL. I appreciate this opportunity to point out the fact that it is very much of importance to us that our programming reflect, as you said, this wide mosaic of American interest and values.

The program that Mr. Coonrod referenced, "Religious and Ethics Weekly," is one that we point to with pride. I just reviewed last night the topics that they have included already this season, and it was coverage of the Southern Baptist Convention, the administration's faith-based initiative, the Christian Coalition of America's Annual Convention, and several interviews with religious thinker and leaders from all points of view.

If you look at the documentaries that will be coming to the PBS schedule in the next season, you will see not only the wide historical perspective that we always try and bring to promote greater understanding of all faiths, but contemporary looks at American religious groups as well.

Mr. PICKERING. Mr. Chairman, if I could have just a little bit more time, not having seen those programs—and I would like to before I make any judgment on them—I do think that there is from those in my home State, and probably what you have heard from this side of the panel today, a sense, a perception, specific examples, and I think of what happened with TVC as an example of where there is a perception of bias or disrespect or insensitivity, and at times an offensive nature and approach to those who hold strongly held religious views or traditionally conservative views.

This usually comes into play in how we define and how we look at family and sexuality. That seems to be kind of the point of debate and divide in our country.

Let me just real quickly say why I think this is so important. If you look at Western Civilization and history, there was an early Christian teaching that really, I think, led us to where we are today, the teaching of Christ that said that all our equal, Jew and Gentile, male and female, free and slave.

And that radical concept I think eventually led to the ideals of democracy, and then it, through our country, has worked its way through history, where those who held that belief worked to abolish slavery, worked for the right of women to vote, worked for civil rights. Whether it was in an African American church or in the religious movements throughout history, it has played a very constructive role of tolerance, of democracy, of believing that all are created equal.

This past weekend I was home, for example, and I went to a gathering, an annual gathering, of Pentecostals in Mississippi. The church service was integrated. The pastor talked about Martin Luther King and his ideals.

If I go to Meridian, Mississippi, it is the conservative churches who are caring for abused and neglected children. They are doing the mentoring program.

In Forrest, Mississippi, where we have a large and growing and new Hispanic community, it is the conservative and evangelical churches who are going and meeting the needs, the physical needs, as well as the spiritual needs, of people coming to a new place.

So my fear is, because we get caught up in this debate on other issues, and where those who disagree want to demonize the other side or paint them as intolerant or extreme or lacking in compassion, we actually do the public a disservice and we lose the common ground, common purpose, common understanding, "the one Nation" that we talk about.

Today I think that our divide is most significant not on race or not on income or education, but it is on this issue of those who have strong religious beliefs and those who have differing views. I think where you all can try to bridge that misunderstanding and treat people of deep religious convictions with respect, and to show not only what this reporter did in this case of trying to make one group appear to be extreme, but show how those conservative Christians in many communities across this country, or in all communities across the country, are actually doing good works and good deeds.

I think when you do that, you foster a better understanding, but at the same time you don't have the controversy and the conflict that you are seeing on this panel about perceived bias or lack of sensitivity or lack of respect. So I would encourage you all to do this.

You know, Ms. Lafferty, there is a debate on public funding for CPB. Whether we agree or disagree philosophically whether there should be, public broadcasting is going to continue. The votes are not there to take it away.

But I do hope that you hear this message and that we can appeal to your better angels in a constructive way to do everything possible not to ever let a story like this ever happen again, because it does reflect a bias. So have your editors and have your board and do everything you can and tell stories about conservative Christians that don't make them appear to be intolerant or hateful or extremists, because that is not my experience. That is not the experience across this country.

Mr. KLOSE. If I may respond, Mr. Pickering, as you know, we have said clearly that it was a mistake and I have apologized for it, personally and professionally, to Ms. Lafferty.

I do want to point out that National Public Radio has had, as one of the first broadcast organizations to actually have a religion reporter dedicated solely to reporting on religious trends and issues in the United States. Over the years of that correspondence activities, we have done scores of reports across the whole spectrum of religious issues, religious dialog, and religious outreach in the country.

I would be very pleased to provide to you a more specific list of the topics that have been covered, and I can take any particular time period you would think would be representative, perhaps over the past 6 or 8 months, or perhaps the past year. I would be very pleased to do that.

Mr. PICKERING. Thank you. I would appreciate that.

Mr. UPTON. I might just say, if you want to provide that to the committee, we will include it as part of the public record as well.

Mr. KLOSE. Thank you, Mr. Chairman.

Mr. PICKERING. Mr. Chairman, if I could, ask that a memo from Mr. Burr be read into the record and the transcript of the NPR, that statement, and other relevant materials.

Mr. UPTON. Without objection.

Mr. PICKERING. Thank you very much.

[The material follows:]

MEDIA MATTERS

PRESSURE CAMPAIGNS: GETTING NPR'S ATTENTION

BY JEFFREY A. DVORKIN, OMBUDSMAN, NATIONAL PUBLIC RADIO

Do pressure or write-in campaigns work? Do news organizations in general, and NPR in particular, respond to pressure from advocacy groups? Should NPR respond? And if NPR responds, does that indicate that it has "caved," or does it make NPR more open to and respectful of public opinion?

Recently I wrote about pressure from partisans in the Middle East conflict. Their goal is to make NPR cover the story from their perspective. NPR's reporting on this issue—like the conflict itself—may never be seen to be fair by everyone.

But another recent pressure campaign illustrates yet another journalistic dilemma—wanting to do the right thing, but not being able to do it.

ANTHRAX AND CHRISTIAN CONSERVATIVES

This campaign involved the anthrax investigation. Reporter David Kestenbaum asked the Traditional Values Coalition, a conservative Christian lobby group, if it was under investigation by the FBI. The TVC has been active in their opposition to Senators Leahy and Daschle over their efforts to remove the phrase "So Help Me God" from the oath used by the senators in their official duties. Senators Leahy and Daschle also received anthrax letters. Kestenbaum wondered if, in this case, two plus two made four. The Coalition denied that it had been questioned by the FBI and was outraged that Kestenbaum even asked the question in the pre-broadcast process of gathering information.

Kestenbaum included that denial in his report on Jan. 22:

Two of the anthrax letters were sent to Senators Tom Daschle and Patrick Leahy, both Democrats. One group who had a gripe with Daschle and Leahy is the Traditional Values Coalition, which before the attacks had issued a press release criticizing the senators for trying to remove the phrase "so help me God" from the oath. The Traditional Values Coalition, however, told me the FBI had not contacted them and then issued a press release saying NPR was in the pocket of the Democrats and trying to frame them. But investigators are thinking along these lines...

The Coalition responded by denouncing NPR and launched a vigorous campaign, which at last tally was around 200 e-mails received here. More details can be found at the Traditional Values Coalition Web site.

NPR responded by airing the following statement, read by Bob Edwards on Morning Edition on Wednesday, January 30:

And a story last week about the ongoing anthrax investigation mentioned the Traditional Values Coalition. Reporter David Kestenbaum contacted that group to ask if it had been contacted by the FBI. The TVC said it had not, since there is no evidence that it was or should be investigated. The TVC said it was inappropriate for it to be named on the air. The NPR editors agree.

Andrea Lafferty is the spokesperson for TVC. In an interview with UPI she was not mollified:

That's not an apology and our lawyer says it's not a retraction. Since the correction aired, we have heard from NPR...they seem to be very scared and they should be. We are still proceeding with legal action because, they are not sorry and we will not allow them to do this to someone else.

NPR management says it has attempted to contact the Traditional Values Coalition to work out a mutually satisfactory statement for broadcast, but so far, the TVC has not responded.

This tactic of non-response might allow the TVC to further its own goals by using NPR as a convenient scapegoat.

Many letters written to the ombudsman would indicate that tactic is working:

Your reporter, David Kestenbaum has issued a story that has no facts—just innuendos—trying to link Traditional Values Coalition with the anthrax letters sent to Senators Tom Daschle and Patrick Leahy. The story was without foundation and should never have been run in the first place. I understand that your organization, however, has refused to issue a retraction or apology.

DENNY EYBERG

And from Barry Mann:

Where is the apology? You really should apologize for your irresponsible reporting. I'm tired of defending NPR from the barbs of conservative friends.

In my opinion, the statement was a correction but in the form of a clarification. But while Kestenbaum was right to ask a strong reportorial question in the process of gathering information, the denial should have been enough. There was no journalistic reason for including it in the report.

NPR is known for its vigorous editing to keep the story strong and on point. In this case, the editing process seems to have failed to do its job.

The statement read by Edwards was less than it should have been. NPR still needs to be more nimble and more open about admitting its errors. In the case of the allegations, there should be a time and place where the concerns of the listeners can be addressed. The NPR Web site would be a good starting point.

Mr. UPTON. Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman. I am glad to follow my colleague from Mississippi because I think part of our free speech experience is, if you are in the pit—you can't imagine how many times everybody up here, and those of us who have had to leave for other meetings, have been asked tough questions and what I consider asinine questions by media that I don't like to answer because some of them are just you almost have to educate them. But that is part of free speech. If the Traditional Values Coalition wants to be part of this free speech and this system here of democracy, then you are going to get those.

Mr. Chairman, I hope maybe if we will have a hearing on every time somebody asks a terrible question of someone that we may not appreciate, if we have a hearing, then we would spend all our time in our Telecommunications Subcommittee just doing that.

My concern is that—and I appreciate my colleague from Mississippi talking about the lack of sensitivity and respect. I feel like as a Christian Democrat I don't get the respect that I should have or the sensitivity from the Traditional Values Coalition.

I have had many people who get mailers from you and your group say, "Well, I'm surprised you're a Christian because you

don't vote with us." And I say, "Well, let me tell you my background."

So I think there is a lack of sensitivity maybe on both sides. But, again, I haven't written you or complained or needlessly asked for a congressional hearing on that. Because I would be glad to take some of our Democratic colleagues who probably have a zero record with you and talk about our Christian beliefs and our backgrounds, that we may not share some of your values that you think that vote us as Christians.

But, be that as it may, I really want to talk about broadcasting and NPR issues. Mr. Willner, in your earlier testimony, some of your testimony, you outline in your testimony, you talked about what the cable industry has decided to offer HDTV. In fact, someone, I think one of my Republican colleague said they are having to pay extra for their digital for their PBS station. I would assume that might be because they are paying extra for their digital TV.

Why is there an additional cost for cable subscribers to have HDTV, and why wouldn't it be offered as free digital tier, as an incentive to spur that transition?

Mr. WILLNER. Congressman, the cable industry, as I said earlier, spent over \$60 billion in upgrading its plant to be able to deliver both analog and digital signals, provide high-speed access to the Internet, as well as the alternative to the local telephone company with a facilities-based alternative.

As I said, by spending private capital, not coming before you for that \$60 billion that we have already spent and another \$10 billion that is being spent, we have to show our investors, our equity investors, our debt investors, a return on that investment.

For every high-definition television set that we hook up to a cable system, we are going to install a box that we are estimating right now is going to cost around \$400, which, by the way, is about \$400 less expensive than the digital tuner the consumer would have to buy on his own, if he bought his own HDTV and had—

Mr. GREEN. Well, my wife just wrote our check to pay for my local digital top boxes on the number of TVs at home that we have so that we would have digital. So the ratepayers under cable are paying for that.

Mr. WILLNER. The consumer is paying for the box, that's right. We are buying it and they are paying a monthly fee for it.

Mr. GREEN. Okay. Again, I understand that somebody has to pay for it. Your investors had to invest the capital. But, ultimately, you will get a return on it, I assume like the broadcasters will, although I didn't have to pay for digital for over-the-air television. Granted, I would have to buy a receiver for it.

But I appreciate that because I know that is something that has been discussed a great many times. I know the folks here from public broadcasting are having, particularly from rural areas who don't have the resources that they do in an urban area like I have in Houston, but most of our other stations, you know, our network stations, they had to go to the same type of investors, the same capital markets, that my cable folks had to go to.

So that is one of the things that I hear complaints all the time. If we are going to go to digital in Houston, we have to buy these boxes, and I think it is worth it. It expanded our number of chan-

nels amazingly, but, again, I think that is something that maybe folks need to realize, that there is a monthly cost for that. If you have more than one TV that is cable hookup, like most of us, I guess, up here would have, then it can be a substantial amount every month.

But I appreciate that, and I understand you had to. But, again, NPR doesn't have the ability to go to the capital markets like the private sector, like cable, like my local cable or even my broadcasters do, my for-profit broadcasters.

Mr. WILLNER. Well, the broadcasters, I can assure you, are developing business plans where they will make money off of that digital frequency.

Mr. GREEN. Oh, and ultimately we will all pay for it because whatever cost I pay for whatever product I buy, I am sure there is no free lunch.

Mr. WILLNER. Right.

Mr. GREEN. So we are going to pay for that.

Mr. Klose, as you move forward with your new digital programming, is there anything you are learning from the recent rollout at XM Radio or Sirius? These two companies really offer a widely available digital radio format, and I was wondering if you anticipate consumer demand based on the current level of that response.

Mr. KLOSE. Yes, sir. Congressman, we actually have two channels on Sirius Satellite Radio, the other competing company with XM. We have been listening with great interest and intensity both to XM and to Sirius.

We believe that there will be additional kinds of audiences, additional segments of the country, people in the country who may not be listening to public radio right now who are going to naturally migrate to those systems; also, that there are people who do listen to public radio now who are going to be looking to supplement it with other services. We look forward to the digital transition giving us the capacity to bring more content and more contact both at the community level, at the regional level, and at the national level.

Mr. GREEN. Thank you. Thank you, Mr. Chairman.

Ms. LAFFERTY. May I respond to his comments?

Mr. UPTON. Yes.

Ms. LAFFERTY. Thank you.

Congressman Green, I just wanted to assure you that I have been in what you called "the pit" for a long time. So I understand that it is a tough business. I do a lot of media. I get a lot of tough questions.

But what we are talking about—you may not understand this—we are talking about—

Mr. GREEN. Oh, I understand what you are talking about.

Ms. LAFFERTY. [continuing] slander. I think even now maybe Mr. Klose understands this was a serious problem. It is not that I am not tough enough and can't handle it. It was an attack against a lot of people, a lot of Bible-believing Christians.

Mr. GREEN. Well, I disagree with you because I am a Bible-believing Christian, have grown up in the church, so has my family—

Ms. LAFFERTY. So it is okay to call a Christian organization and just assume that they would try and murder Senators?

Mr. GREEN. I think they ought to have the ability to call anyone who wants to be part of the political system, and you want to be part of it.

Ms. LAFFERTY. I am a part of it, yes.

Mr. GREEN. Okay.

Ms. LAFFERTY. As are our 43,000 churches.

Mr. GREEN. We are all a part of it, but you ought to be able to have those same tough questions. You can't imagine some of the questions as Members of Congress we get on everything we do and what our families do.

Ms. LAFFERTY. And those reporters should be held accountable if they are slanderous kinds of questions and when they run a show about it.

Mr. GREEN. Oh, you just can't imagine how many people in public office on whatever level have those kinds of questions, but that is one of the prices we pay for having a free media and a free society to be able to question their leaders or their opinion-makers or opinion leaders. That is true whether you are elected or whether you are—

Ms. LAFFERTY. I understand that I am considered a public figure, but that doesn't give National Public Radio the right—and, frankly, they know that they shouldn't have done it, and how they are going to resolve it is another issue.

Mr. GREEN. Okay, I disagree with the question, but, again, I don't want the taint of media not being able to ask even those dumb questions that one shouldn't be asked, because I am worried they may not ask one that should be asked.

Ms. LAFFERTY. Well, you have been in the business long enough, and so have I; we know they ask all the questions.

Mr. GREEN. Oh, well, I do, and I try to give them the answers I want, instead of what they want.

Thank you, Mr. Chairman.

Mr. UPTON. Mr. Blunt?

Mr. BLUNT. Thank you, Mr. Chairman. Thank you for having this hearing today.

I get to follow two of my very good friends on this committee, Mr. Green and Mr. Pickering. I would suggest, not to extend and prolong the debate on this topic, but I think the debate is different with these organizations represented at the table today than it would be the rest of the media, because all taxpayers subsidize this particular news programming, this particular programming generally.

Because of that, the questions that would not be nearly as appropriate if this was totally something in the private market are, in fact, appropriate for members of this panel. If my dollars go to pay that reporter, just like the person who owns the newspaper or owns the national news network has some impact on how that reporter does their job, I have more of a right to have input about what is on NPR or PBC as a taxpayer than I do otherwise.

The 623,000 people I represent all helped make these particular organizations and their approach possible. So I do think there is a different level of appropriateness for us to discuss this topic.

I think Mr. Pickering did such a good job of expressing just the way that people of faith view the importance of faith in our society,

and I think you did a fairly good job of responding as a panel to your efforts on PBS and NPR to begin to approach that.

I listened to both. I don't know that I have heard the particular programs you mentioned, and I will look at some interest—I would be interested now if there is a consistent viewpoint, and if that viewpoint in that programming is broad-based from a religious sense or it is based from one particular religious point of view. I really do intend to look at that, and I am glad you are doing it, and I hope you are also looking at it from that way, not just that we do a religious program or that we have somebody that looks at religion. But does the person that looks at religion really look at it from a way that creates a broad sense of faith in our society, how important it is to how many people, all of whom are part of the effort to pay to make this service available?

I am fortunate; in my community I serve on the advisory panel for the public radio station. I think it is well-run, and I make comments, and they asked me to do that. The ethics folks here said I could do that, and I have been glad to do that. I was involved a little bit even before I came here in that regard and with public television both.

So I do think there is a service that needs to be provided, particularly in the parts of the country not served, in the case of public television, by cable. There is a diversity possibility there that is much more important, in my view, in rural America, unserved by cable, maybe even unserved by satellite, certainly unserved everywhere without extra expense than elsewhere.

I want to ask a couple of questions. I just want to follow up. I came in the middle of Mr. Pickering's comments. I believe he was characterizing, Mr. Klose, your comments to Ms. Lafferty today as an apology. Would that be the way you would characterize your comments?

Mr. KLOSE. Yes, sir, those are the words I used. I said, "I apologize, both personally and professionally, for this mistake that was made in this segment, in this part of a report from our correspondent."

Mr. BLUNT. Well, I read the transcript, and I agree with you; I think it was mistakenly stated and unfortunate in its nature.

Have you done that before today? Was this the day that you made that apology?

Mr. KLOSE. This is my personal apology today, yes, sir.

Mr. BLUNT. Has there been a less personal apology prior to today?

Mr. KLOSE. On our website and on the air we, as I think is perhaps in the record, several days after this mistake occurred, there was a statement on NPR, which I could read, if you would care to, or—

Mr. BLUNT. I would like you to read it. Do you have it with you?

Mr. KLOSE. Yes, sir, I do. I think, actually, Ms. Lafferty has actually read it herself earlier. Let me just find it here.

This was from "Morning Edition," the morning news program, corrected on the "Morning Edition," about a week after the original mistake was made.

"A story last week about the ongoing anthrax investigation mentioned the Traditional Values Coalition reported David

Kestenbaum contacted that group to ask if it had been contacted by the FBI. The TVC said it had not, since there was no evidence that it was or should be investigated. The TVC said it was inappropriate for it to be named on the air. The NPR editors agree.”

Mr. BLUNT. The NPR editors agreed that it had been inappropriate to name them on the air?

Mr. KLOSE. Yes, inappropriate, that it was inappropriate.

Mr. BLUNT. And you issued what you consider a personal apology today?

Mr. KLOSE. I have today, sir, and this is on our website and has been on the website since the correction was made on the January 30.

Mr. BLUNT. Ms. Lafferty, do you want to comment on the apology that was on the—the retraction on the website versus the comments you heard today, several months later?

Ms. LAFFERTY. Right. Well, it is not an apology and it is not a retraction. He just says, “We agree.”

You know, there are serious problems at National Public Radio which have been made clear today. There’s issues of them—a lot of other issues, not just dealing with Traditional Values Coalition, that they need to deal with.

But there has not been a real apology or a retraction. We believe that 8 million people or more heard this, and so there needs to be further discussion about how to resolve this problem.

Mr. BLUNT. And I assume there are other ways besides here for you to pursue that discussion?

Ms. LAFFERTY. Mr. Klose has hired an outside lawyer. We have been talking to their people. Mr. Kestenbaum is still there, but he is working and still reporting on anthrax, but he really is not the issue. The issue is that he is a symptom of the problem at National Public Radio.

Mr. BLUNT. Okay, Ms. Mitchell, I want to thank you again for coming by, as you did a few weeks ago to visit with me. In my office we talked about balance and a sense of bias and your thoughts about that as well. We had a great discussion.

I am wondering, as you talk about the documentary plans for next year and what you have had on this year, do you make an effort in that to really create a balance there, and is it a balance both in terms of viewership and availability as well as content? I am just asking you to comment on that. I am asking a question here I have no idea what the answer is to in terms of how you are balancing it as it relates to who actually sees the program and when it is available, and that sort of thing.

Ms. MITCHELL. Thank you, Mr. Blunt, for the opportunity to talk a bit about the way in which our programs are selected. In this congressional season, PBS has distributed to its member stations 8,800 hours of programming, and that has resulted from some 3,000 proposals that we receive. We evaluate each of those proposals. Only about 300 or 400 get selected, by the way.

But we evaluate them on the guidelines that were established by charter of this committee in the early 1970’s. That charter is certainly editorial integrity, balance, certainly top production quality.

So we make sure that any program to be distributed to our member stations meets those qualifications. In looking over the scope

and the depth of our work, which, as you know, is quite a lot of genres, including everything from nature to history to social studies, we always are attempting to provide the scope and the depth of not only American interest, what our constituents are interested in seeing, but also what we feel serves them best.

Each year we do a viewer survey of that programming, and we ask our viewers, "Have you been served well by this programming?" Each year, gratefully, the greatest percentage of them, more than 70 percent, have indicated that they do not find our programming biased and that they do find it a balanced and in-depth look at our country. We take that very seriously.

We also pay a lot of attention to complaints that come from our member stations as well as viewers directly to us. I reviewed, in preparation for this hearing, programming over the last year, and there were only nine that we would call notable complaints.

By "notable," we mean something in excess of 200, which is really not a lot when you consider we reach 100 million Americans every month. Those were in some instances letter-writing campaigns, in some instances—in fact, three—having to do with schedule and format.

We don't measure the impact of our programming by the number of people who turn up or by the number of complaints that come in. We factor all of this into our overall concern that we are serving the largest number of Americans with the greatest depth and scope of programming that we can, representing the balance of interest in this country, what they want to know and what they need to know.

Mr. BLUNT. As you evaluate in that survey of your viewers, do you ever try to evaluate who doesn't qualify for the survey because they don't view and why it is that they don't, never have, or used to and quit? Taking advantage of this service, do you try to evaluate that in your survey as well?

Ms. MITCHELL. Mr. Blunt, that is something we have been discussing a lot, that this next year we are going to change our viewer survey process. We are looking at doing it through perhaps political pollsters. We are looking to broaden the survey, so that we might reach people who aren't watching us. This survey does, but it is really aimed at our committed viewers.

Mr. BLUNT. I have seen it because you brought it to me, and it has got a high satisfaction level, but, of course, among viewers you would assume that it would have a higher satisfaction level—

Ms. MITCHELL. Right.

Mr. BLUNT. [continuing] than people who have decided not to view it.

Mr. Coonrod, on that same topic, do you have a strategy to look at ways to expand your reach and viewership, and perhaps the broader definition of what you put on the air?

Mr. COONROD. We do, but I would also mention that one of the polls that we use regularly is a national poll, the Roper Starch Poll. That does not measure the views just of viewers, but that is a broader public reaction to public broadcasting. In those polls, consistently they rate public radio and public television very high. And these are not polls that public broadcasting conducts. These are

polls that are conducted by others. They rate public broadcasting very high.

They also consistently rate it very high in terms of the value they believe that their tax dollar delivers for public broadcasting. So that is another indicator.

But we do a number of things to try to stay in touch with this. We solicit public comment. We maintain a 24-hour toll-free telephone number. We have a dedicated email address for comments, any comment that you might have about public broadcasting, and we maintain a post office box for those people who still write letters.

We link these; at least all of the electronic means are linked so that the comments that we get are made available to producers, PBS, and others, so that we can feed back the public comment that we do get.

We monitor public perceptions, as I have said. I think we operate best when we are able to look at the broad, the variety of voices and perspectives that are on public broadcasting, the rich variety of voices and perspectives, and look at supporting new programs that will add to the number of voices that are there, not detract from it in any way. That is part of what we try to do and the kind of support that we provide both to public radio and to public television.

Mr. BLUNT. Well, it is a challenge to work for everybody, and it does put you in a slightly different situation, particularly, I would say again, from the news perspective. There is a different perspective there when you have such a broad base of ownership, the people of America, than if you have a narrower structure and you can say, "Look, we can put on whatever we want to. We can do it however we want to." It appeals to somebody, and doesn't appeal to somebody else.

You are here today for a purpose that others would not be here for, because you do have this unique contact with American taxpayers, and I think, because of that, a responsibility that goes beyond just how you would traditionally deliver these exact same kinds of services in an absolute free market.

So, Mr. Chairman, thank you for giving me the time.

Mr. UPTON. Thank you, Mr. Blunt.

This concludes the questions from the panel members. I appreciate you all being here.

Mr. MARKEY. Can I have 30 seconds, Mr. Chairman?

Mr. UPTON. I will yield 30 seconds to the gentleman from Massachusetts.

Mr. MARKEY. I wanted to compliment you, Mr. Chairman, on this very helpful hearing—

Mr. UPTON. I will let you have 2 minutes now.

Mr. MARKEY. I think it has really helped all of the members of the committee to actually have the major players all sitting here simultaneously. I think everyone leaves today hopeful that we can work together with both the radio and television parts of the public broadcasting system.

For my own part, Mr. Chairman, I hope that the personal and professional apology from Mr. Klose to Ms. Lafferty can now result in a reconciliation that can take place that doesn't need lawyers,

and that you can work it out as human beings. Because I think that that gesture is now something that, if it was reciprocated, can help for this not to escalate, but rather to be resolved in a way that allows for better long-term understanding between all parties.

I thank you, Mr. Chairman, for the great opportunity that you have presented here today for everyone.

Mr. UPTON. I thank you for those kind words, and I do want to reiterate and follow Chairman Tauzin as well, that if at some point we do want to reauthorize, we understand the many complicated issues that are there, some of them Congress' doing, and particularly as we move to the digital age.

I appreciate many of you having private meetings in my office as we put this hearing together.

I want to compliment the staff on both sides, the professionalism that was experienced there.

With that, this hearing is now adjourned. Thank you.

[Whereupon, at 1:57 p.m., the subcommittee adjourned, subject to the call of the Chair.]