On reconsideration, the Commission amended its policy governing underwriting and donor acknowledgements aired by public broadcasters to permit the use of brand and trade names as well as product or service listings. It also clarified its policy that fundraising that altered or suspended programming was permitted only for the benefit of the station itself.

—Educational B/CING Stations
Docket No. 21136

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of
Commission Policy Concerning the Noncommercial Nature of Educational Broadcasting Stations

MEMORANDUM OPINION AND ORDER
Adopted: March 28, 1984; Released: March 28, 1984

BY THE COMMISSION:

Background

1. The Second Report and Order in Docket No. 21136 ("Second Report")\(^\text{1}\) concluded a two year proceeding designed to evaluate the financial needs of public broadcasters and examine alternative methods of fundraising within the framework of providing a noncommercial service. The Commission liberalized prior restrictions upon public broadcasters’ fundraising activities by amending 47 C.F.R. §73.503 and 47 C.F.R. § 73.621. Subsequently, Congress enacted the Public Broadcasting Amendments Act of 1981 ("1981 Amendments") to ensure that the public

\(^1\) 86 FCC 2d 141 (1981).
telecommunications media remained financially viable in the wake of substantial reductions in Federal funding by expanding public broadcasters' ability to generate increased private financial support. The legislation contained in Section 399A and Section 399B of the 1981 Amendments (47 U.S.C. §§399A and 399B) closely paralleled the Commission's Second Report. However, the Commission noted that the subsequently enacted legislation differed from the Second Report in several respects, and thus modified and clarified its rules and policies to conform

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3 Section 399A provides:

(a) For purposes of this section, the term "business or institutional logogram" means any aural or visual letters or words, or any symbol or sign, which is used for the exclusive purpose of identifying any corporation, company, or other organization, which is not used for the purpose of promoting the products, services, or facilities of such corporation, company or other organization.

(b) Each public television stations and each public radio station shall be authorized to broadcast announcements which include the use of any business or institutional logogram and which includes a reference to the location of the corporation, company, or other organization involved, except that such announcements may not interrupt regular programming.

(c) The provisions of this section shall not be construed to limit the authority of the Commission to prescribe regulations relating to the manner in which logograms may be used to identify corporations, companies or other organizations.

4 Section 399B provides, in pertinent part:

(a) For purposes of this section, the term "advertisement" means any message or other programming material which is broadcast or otherwise transmitted in exchange for any remuneration, and which is intended –

(1) to promote any service, facility or product offered by any person who is engaged in such offering for profit;

(2) To express the views of any person with respect to any matter of public importance or interest; or

(3) to support or oppose any candidate for political office.

(b) (1) Except as provided in paragraph (2), each public broadcast station shall be authorized to engage in the offering of services, facilities or products in exchange for remuneration.

(2) No public broadcast station may make its facilities available to any person for the broadcasting of any advertisement.

5 Essentially, the Second Report: (1) eliminated the "name only" requirement for donor and sponsor acknowledgements and provided for the inclusion of informational, but not promotional, messages; and (2) permitted the broadcast of promotional announcements deemed in the public interest for which no consideration was received. Similarly, Section 399A permitted informational, but not promotional, messages in donor and sponsor acknowledgements and Section 399B prohibited the broadcast of promotional announcements for remuneration.

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to the Congressional mandate. *Memorandum Opinion and Order* in Docket No. 21136 ("1982 Order"), released July 30, 1982. Among others things, the 1982 Order reiterated Commission policy that donor acknowledgements could include informational – but not promotional – messages, and further clarified that policy to prohibit the specific mentioning, listing or promoting of a donor’s product lines or services, thereby reconciling an apparent inconsistency between the *Second Report* and Section 399A. The Commission also construed the 1981 Amendments as not permitting the use of brand or trade names in underwriting acknowledgements aired by public broadcasters.

2. Several petitions for reconsideration have been filed with the Commission regarding its clarification of the above policy. Additionally, an informal request for interpretation of the general impact and effect of the 1982 Order has been filed. In the interest of expediting consideration of the issues raised, we will address both the petitions for reconsideration and the request for interpretation.

**Petitions for Reconsideration**

3. *Arguments.* The petitioners\(^8\) requested that the Commission reconsider the 1982 Order and permit the inclusion of brand or trade names of products or services in donor acknowledgements. It is argued that a specific reference to a donor’s product or service does not compromise or jeopardize the noncommercial nature of public broadcasting, nor is it necessarily promotional in the absence of comparative or qualitative language. Rather, the inclusion of such references in donor acknowledgements is useful, and often necessary, where a brand or trade name has recognition value and a corporate underwriter’s name does not.\(^9\) NPR, PBS and NAPTS also represented that public broadcasters interpreted the *Second Report* to allow the nonpromotional identification of a specific product and/or service in donor acknowledgements, and revised their underwriting rules accordingly. They contended that this change resulted

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\(^6\) 90 FCC 2d 895 (1982).

\(^7\) Additionally, the Commission revised its rules to: (1) restrict the scheduling of donor acknowledgements so that regular programming is not interrupted, consistent with Section 399A; and (2) allow promotional announcements sponsored by nonprofit entities, consistent with Section 399B. The Commission also further clarified its policy to permit aural, as well as visual logograms in donor acknowledgements.

\(^8\) Petitions for reconsideration were filed by National Public Radio (NPR); the National Association of Public Television Stations (NAPTS) and the Public Broadcasting Service (PBS); the Corporation for Public Broadcasting (CPB) and the law firm of Schwartz, Woods & Miller (Schwartz) on behalf of several public broadcast licensees.

\(^9\) As NPR stated, "[T]here are many situations where attempted identification of a contributor without reference to its product by trade name is practically meaningless. For instance, the Great Water Company of France, Inc., is unknown to most people. But to say it is the bottler of 'Perrier' mineral water clearly identifies the company to many."
in a dramatic increase in donations and underwriting. The elimination of specific references to products and/or services in donor acknowledgements, they stated, will hinder public broadcasters in their efforts to generate additional financial support from the private sector that is vital to their continued survival. Finally, most of the parties considered the Commission's posture in the 1982 Order and its interpretation of the recent legislation to be unnecessarily restrictive, particularly in light of: (1) the broad statutory language of Section 399A which delineates the information that may be included in donor acknowledgements; and (2) the explicit grant of authority to the Commission to further regulate in this area. They contended that the legislation marks a starting point from which the Commission could and should explore and expand public broadcasters' opportunities to broaden their financial base of support by attracting new, diverse sponsors and donors. In this respect, it should be noted that NPR differs from the other petitioners in that it construed Section 399A(c) as proscribing the Commission's power to regulate the content of donor announcements, confining our authority to the "manner" (i.e., timing and frequency) of donor announcements. Finally, all the petitioners urged that a more liberalized approach to donor acknowledgements would serve the spirit and intent of the Public Broadcasting Amendments Act of 1981 by enhancing public recognition of donors as well as contributions from the business community.

4. In a related context, PBS, NAPTS and Schwartz sought reconsideration of that aspect of the 1982 Order concerning logograms. They believe that it is unnecessary and inappropriate to distinguish logograms that promote (as unacceptable) from those that merely identify (as acceptable),

10 In this regard, NPR stated:

Total revenues for NPR member stations from program underwriting grants for the year ending June 30, 1981, are estimated to have been about $4.2 million. This figure increased dramatically to about $7 million for the year ending June 30, 1982, due largely to the new more relaxed policies concerning acknowledgements, of which the use of trade names was a key factor. By being able to identify donors more clearly and explicitly, radio licensees were able to increase support from the business community by nearly 75% in just one year. [They] project that there currently exist program underwriting agreements with public radio stations with a total value of over $1 million which specifically involve mentioning the program underwriter's product or service by trade name. Further, at the time of the release of the [1982] Order, public radio stations were involved in negotiations with prospective program underwriters on agreements with a total value of $2.5 million specifically contemplating the use of trade names in the acknowledgement announcements and which, in the judgment of the stations, are likely not to be consumated in view of the [1982] Order restricting the use of trade names.

11 Section 399A, as proposed in H.R. 3238, was fully adopted by the Conference Committee.

However, the Conference Committee also added the provision contained in Section 399A(c) empowering the Commission to further regulate in this area. See n.3, supra.

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and that such distinctions only create confusion and uncertainty. Schwartz noted:

[Logograms serve a critical identifying function which transcends whatever slight promotional element may inhere in them. The only rational approach in this area is to view all bona fide logograms as proper devices which serve the fundamental purpose of generic identification.]

Moreover, according to NAPTS and PBS, corporations mainly contribute funds to public broadcasting to improve their image by association with quality programming, and that their logograms not only identify corporations but project their image by representing their “face[s] to the world.” They concluded that inclusion of all logograms, as with brand and trade names, would encourage and facilitate greater contributions to public broadcasting and would more fully identify corporate donors.

5. As an alternative to further liberalizing Commission rules to permit the inclusion of a brand or trade name and all logograms in donor announcements, NPR, CPB and Schwartz offered various suggestions. NPR also believed that the 1982 Order cast a heavier burden upon public radio than public television since it did “not appear to limit the use of pictorial designs or symbols which may also be trademarks of donors in the acknowledgement announcements broadcast by public television stations,” yet public radio stations, which cannot make use of such visual symbols or signs, were granted no equivalent flexibility. NPR, thus, recommends that the Commission afford public radio stations greater opportunities to attract financial support by allowing them to broadcast “trade names in acknowledgement announcements in lieu of the visual trademark which television stations are still able to use.”

6. Unlike the other petitioners, CPB viewed a general rule permitting a brand or trade name in every announcement as unnecessarily broad and contrary to the “identification vs. promotion” test established by the Second Report and ratified by Congress in Section 399A. CPB proposed a more limited standard, whereby a brand or trade name would be allowed if the underwriter does not offer products or services under its corporate name. CPB declared that “this standard provides an objective test of whether an underwriter will be recognized under its corporate name and, therefore, whether use of a trade name is necessary for the purpose of identifying the underwriter to the public.”

7. Finally, Schwartz suggested that if the Commission determines not to modify its underwriting rules, a transitional period for the implementation of the 1982 Order is warranted. Since public broadcasters had construed the Second Report as sanctioning the inclusion of a brand or a trade name in donor announcements, they had changed their underwriting rules and, “produced programs, or made commitments to produce programs, which include such credits.” Schwartz stressed that “it would be unfair to require that substitute credits be produced for this program-
ming, because of the cost involved and because of the problems which
might be created with respect to some underwriters which expected credit
in the form normally provided by the licensees as of the date of their
donation commitments."

8. Discussion. Essentially, the issues raised by the petitions involve
statutory construction. At the outset, we note that, contrary to NPR's
assertion, we do not believe that Section 399A(c) undercuts our authority
to regulate commercial speech on public broadcast stations. 47 U.S.C.
§303(a) and (b) generally empowers the Commission to classify radio
stations and to determine and prescribe the nature of the service rendered
by each designated class of licensed stations. Pursuant to that power, the
Commission's authority to "establish categories of communications ser-
dvices, confine their use to particular frequencies and determine the kinds
and types of communications which fall within the authorized catego-
ries"12 is well recognized and long established.13 Rather than constrain-
ing this authority, we construe Section 399A(c) as explicit recognition of the
Commission's general regulatory function, specifically directing us to
further exercise our rule making authority in a manner consistent with
the 1981 Amendments.

9. Section 399A ratified and codified the "identification vs. promotion"
standard for donor acknowledgements enunciated in the Second Report.
In delineating the information which these acknowledgements may
incorporate, Section 399A provided for the nonpromotional use of visual
or aural logograms (i.e., any "letters or words, or any symbol or sign,
which is used for the exclusive purpose of identifying" the donor and
"which is not used for the purpose of promoting the [donor's] products,
services or facilities") and permitted identification of the donor's location.
But, as we observed in the 1982 Order, Section 399A did not address the
permissibility of including information regarding the donor's specific
product lines or services.14 Since the statute was silent, we reviewed the
associated legislative history carefully. Because the Senate and the
Conference Committee accepted the House provisions without issuance of
exploratory reports, the House Report became the source for our
analysis. The House Report declared the "logograms [and slogans should]
be value neutral, and solely for the purpose of generic identification . . ."
and that "products or services [or the listing of products or services
should not be] included as part of such announcements at this time."15 The

13 See, e.g., Grose v. FCC, 480 F. 2d 1288 (2d Cir. 1973) (FCC has the power to prohibit
commercial messages on amateur radio station facilities); and Lafayette Radio Elec-
tronics Corp. v. U.S., 345 F. 2d 278 (2d Cir. 1965) (FCC has the power to limit the uses of
Citizens Radio stations).
14 1982 Order at 902.
subsequent examples given of permissible and impermissible donor acknowledgements under this standard clearly indicated that the use of brand or trade names was not allowed.\footnote{16}

10. Given this explicit language, we determined in our 1982 Order that it was inappropriate at that time to allow the use of trade names, or product and service listings. It is important to note, however, that the concerns expressed in the House Report were not based on a finding that expanded donor acknowledgements were incompatible with public broadcasting service or that this mechanism would prove ineffective as a means of enhancing self-generated financial support for public stations. To the contrary, after describing the Commission's Second Report, in which we initially sanctioned enhanced underwriting acknowledgements, the House Report stated:

The Committee endorses this effort, particularly in light of declining Federal funds, and supports the Commission's belief that these changes will not change the nature of the noncommercial service that stations have been licensed to serve.\footnote{17}

Rather, the restrictions imposed by the House Report on such enhanced donor acknowledgement techniques as product or service listings were founded on a perception that the Second Report "went too far in a single step" (emphasis added). This sensitivity to the timing, rather than the substance, of permitting more expansive underwriting acknowledgements was repeatedly underscored elsewhere in the House Report. It stated, for example, that:

In limiting the Commission's decision to allow listings of products and services, the Committee intends that no such listings be allowed until the changes made in the legislation are more fully evaluated. The Committee intends to review this area more fully as part of its consideration of the Commission (TCAF) study required by the bill (emphasis added).\footnote{18}

11. Almost three years have passed since the enactment of the 1981 Amendments. There are now substantial indications that expanded underwriting acknowledgements can significantly benefit public broadcasters.\footnote{19} Moreover, the Temporary Commission on Alternative Financing for Public Telecommunications (TCAF), established by the 1981 Amendments, has completed its study and has submitted its final report to Congress.\footnote{20} TCAF exhaustively studied and evaluated funding sources that would augment the dwindling Federal support available for public broadcasting. Part of their statutory charge was to make recommenda-


\footnote{17} \textit{House Report}, \textit{supra} at 23.

\footnote{18} \textit{House Report}, \textit{supra} at 24.

\footnote{19} See n.10, \textit{supra}.


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tions for new funding sources that would enhance public broadcasting's income from private sources while still preserving the independence and quality of public broadcasting programs. After concluding its comprehensive review of not only alternative funding sources but also the public broadcasting industry and the public it serves, TCAF found that broadened guidelines for program underwriting would indeed help to provide much needed revenues for public broadcasting services. The TCAF Report specifically recommended that Congress:

Direct the Federal Communications Commission to modify its policies concerning underwriting acknowledgements to permit public broadcasters to identify supporters by using brand names, trade names, slogans, brief institutional type messages and public service announcements.

12. In view of these developments, we believe that the conditions set forth in the House Report as the basis for its limitations on the use of enhanced donor acknowledgements by public broadcasters have now been met and that the restraints imposed by our 1982 Order in response to the House Report are ripe for reexamination. In this regard, we again note that the statutory language of Sections 399A and 399B does not itself restrict enhanced underwriting acknowledgements as herein described and that the provisions of Section 399A(c) support our belief that we are not constrained statutorily from exercising our general rule making power in this area.

13. After reviewing the restrictions embodied in our 1982 Report, the arguments presented by the parties to this proceeding, and the specific findings and recommendations of the TCAF, we are persuaded that it is now advisable as a matter of policy and permissible as a matter of statutory authority to authorize public broadcast stations to expand the scope of their underwriting announcements. As we recognized in the Second Report, and as both the House Report and the TCAF Report indicated, this mechanism offers significant potential benefits to public broadcasters in terms of improving the financial self-sufficiency of the service, yet, properly limited, does not threaten its underlying noncommercial nature. Accordingly, we are granting the petitions for reconsideration to the extent that henceforth public broadcast stations will be permitted to use trade and brand names, as well as product and service listings, in their donor acknowledgements. We emphasize, however, that such announcements may not include qualitative or comparative language

21 Omnibus Budget Reconciliation Act of 1981, supra n.2 at § 1232(a)(3).
22 TCAF Report, supra at 45. Moreover, we note that in a joint letter to the Commission dated March 8, 1984, both the Chairman of the Senate Subcommittee on Communications and the Chairman of the House Subcommittee on Telecommunications, Consumer Protection and Finance concluded that it would be appropriate at this time for the Commission to review its policy concerning underwriting acknowledgements aired by public broadcast stations.

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and that this action is not to be construed as allowing advertisements, as defined in Section 399B, to be carried by public broadcasting stations. To summarize, donor acknowledgements utilized by public broadcasters may include (1) logograms or slogans which identify and do not promote, (2) location, (3) value neutral descriptions of a product line or service, (4) brand and trade names and product or service listings.

Request for Interpretation or Clarification

14. The State of Wisconsin-Educational Communications Board and Ohio State University, licensees of noncommercial stations ("licensees"), filed an informal request for interpretation of the 1982 Order, in which they posed the following questions for our consideration:

(1) How often may underwriting announcements be broadcast and in what manner with respect to program format?

(2) In the context of announcement schedules, what constitutes regular programming?

(3) Are public broadcasting licensees now permitted to interrupt regular programming to raise funds for non-station purposes?

The licensees expressed concern that public broadcasters "may be unnecessarily inconvenienced" if these questions remain unresolved. In the interest of avoiding possible confusion and inconvenience, we will address the licensee's concerns and discuss each question separately.

15. First, the licensees claimed that public broadcasters should be allowed to schedule underwriting announcements, as opposed to donor acknowledgements, at their discretion—unhampered by the limitation that such announcements shall not interrupt programming. They suggested that public broadcasters should be permitted to schedule underwriting announcements "at places in the sponsored program and with such frequency as full disclosure and identification of the sponsor may warrant." In this regard, they noted that underwriting announcements are mandatory under 47 U.S.C. 5317 and 47 C.F.R. §73.1212 if consideration (in the form of programming, material, money, services or other valuable consideration) is provided as an inducement for the broadcast of specific programming, whereas announcements acknowledging general monetary or other in-kind contributions are discretionary. Given the mandatory nature of underwriting sponsorship identification announcements and the importance of informing the public by whom they are being persuaded, they declared that such announcements should be accorded different treatment.

16. The Second Report eliminated all timing and frequency restrictions for the broadcast of underwriting and donor acknowledgements since audience resistance was viewed as a sufficient deterrent to the

excessive scheduling of acknowledgements. However, the subsequently enacted legislation, contained in Section 399A, not only delineated that information which may be included in credit acknowledgements, but further contained a caveat: the scheduling of such acknowledgements may not interrupt regular programming. Section 399A did not distinguish between underwriting and donor acknowledgements, rather, both types of acknowledgements are treated alike. As previously stated in our 1982 Order, we changed our rules to conform to the legislation, and accordingly imposed the same restriction upon the scheduling of underwriting and donor acknowledgements. Therefore, irrespective of the different nature and underlying purpose of underwriting acknowledgements, as opposed to donor acknowledgements, all such acknowledgements are subject to the same restrictions regarding: (1) information that may be included; (2) scheduling.

17. Second, the licensees asserted that the limitation upon the scheduling of acknowledgements (i.e., underwriting and donor acknowledgements) may inhibit station fundraising activities which include—but are not limited to—auctions, marathons, and pledge weeks. They stated that the scheduling limitations on acknowledgements should not apply to fundraising activities, since such activities are not considered part of the station’s regular programming.

18. In the 1982 Order, “regular programming” was referred to and discussed in terms of its conventional meaning. Clearly, regular programming encompasses those programs which the public broadcaster ordinarily carries, but does not encompass those fundraising activities that suspend or alter their normal programming fare. Thus, during periods in which such fundraising activities are being conducted the restriction that acknowledgements shall not be scheduled so as to interrupt regular programming would neither be applicable nor appropriate, and the public broadcasters are free to broadcast acknowledgements as often and for as long as they choose, so long as the content of the acknowledgements is consistent with the governing legislative and regulatory rules.

19. Third, the licensees stated that in the 1982 Order we instituted a substantive change, without any discussion, of our prior policy regarding the prohibition against on-the-air suspended fundraising activities on behalf of other organizations. They cited the 1982 Order as providing that “...public broadcasters are generally prohibited from engaging in fundraising on behalf of any entity other than the licensee where such activities substantially alter or suspend regular programming” (emphasis added)\(^24\) and compared that language to that of the Second Report which provided that “...station fundraising activities which significantly alter a station's normal programming, including auctions, marathons, member-

\(^24\) 1982 Order, supra at 907.

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ship drives, etc. should be carried on for the benefit of the station only, and not for other organizations (emphasis added). They contended that the substitution of the term “licensee” for that of “station” extends the permissible area of suspended programming beyond those activities designed to raise support for the station’s operations to include activities designed to benefit the licensee’s other non-station institutional business or state operations. Consequently, they feared that “stations licensed to such entities may be increasingly importuned to conduct fundraising appeals for other departments of agencies of the licensees.”

20. The licensees’ point is well taken. In the 1982 Order the terms noncommercial or public broadcasting stations or licensees were used interchangeably. However, in the context of suspended fundraising activities the substitution of “licensees” for “station” had the unintended effect of expanding potential beneficiaries beyond that of the station, itself. Therefore, we will henceforth interpret and limit the language of the 1982 Order as applying to station operations only. In the absence of a waiver, noncommercial stations are prohibited from conducting any fundraising activity which substantially alters or suspends regular programming and are designed to raise support for any entity other than the station itself.26

Conclusion

21. In accordance with the Public Broadcasting Amendments Act of 1981, we are granting the Petitions for Reconsideration to allow the broadcast of specific brand or trade names and product or service listings. Therefore, donor acknowledgements may include: (1) a logogram or slogan that identifies but does not promote; (2) locations; and (3) value neutral descriptions of a product line or service; (4) trade names, product or service listings that aid in identifying the donor. Additionally, the language of the 1982 Order27 is modified, to clarify that public broadcasters are generally prohibited from engaging in fundraising activities which

25 Second Report, supra at 158.
26 It should also be noted that the licensees urged that 47 C.F.R. §73.503 and §73.621 be revised. The pertinent language as changed by the Second Report, is as follows: “Moreover, acknowledgements of contributions can be made” (emphasis added). They recommended that “may” be substituted for “can,” since the sentence acknowledges the permission for such announcements, not their ability to be broadcast.” We agree that the suggested change is grammatically correct. However, we do not believe that amendment of the rules to incorporate this change is warranted. It is evident that our rules are not intended as mere observations concerning the physical capacity of public stations to transmit these announcements, but instead are intended to address the permissibility of airing them. In any event, both of the subject rule sections contain note references to the Second Report and the 1982 Order, should further clarification of this point be required.
27 1982 Order at 907.
suspend or alter regular programming on behalf of any entity other than the station itself. Accordingly, IT IS ORDERED That, the “Petitions for Reconsideration” ARE GRANTED, to the extent indicated above.

IT IS FURTHER ORDERED That, the “Request for Interpretation or Clarification” IS GRANTED, to the extent indicated above.

IT IS FURTHER ORDERED That, the Secretary SHALL CAUSE this Memorandum Opinion and Order to be printed in the FCC Reports.

FEDERAL COMMUNICATIONS COMMISSION

WILLIAM J. TRICARICO Secretary

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