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REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

Information Reported By Federal Organizations On The Purpose, Duration, And Cost Associated With Cable Television

Information received from 18 Federal organizations showed that about \$11.3 million, in contracts and grants, had been spent for cable television and that about \$9.7 million, in guaranteed loans, had been approved. In most cases neither specific guidelines for using the funds nor formal coordination among the agencies were reported.

CED-76-149

SEPT. 15, 1976

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-131935

The Honorable Lionel Van Deerlin
Chairman, Subcommittee on Communications
Committee on Interstate and Foreign Commerce
House of Representatives

Dear Mr. Chairman:

As the Subcommittee requested on March 1, 1976, we have compiled information received from Federal organizations about the number of agencies, purpose, duration, and cost associated with cable television for system planning, construction, operation, experimentation, and research.

We called 26 Federal organizations which we thought might be funding cable television. Of the 26, 13 indicated that they may have funded some aspects of cable television. To aid in compiling the information we sent a questionnaire to the 13 Federal organizations indicating that they may have funded some aspect of cable television. This method was used because we were unable to identify any one source which had documented information on all Federal agencies funding cable television. The response to the questionnaire and information your office provided led us to call eight additional Federal organizations. Five were in some way involved in funding cable television.

The 18 Federal organizations reported that (1) about \$11.3 million in contracts and grants had been spent for cable television from February 1970 through September 1975 and (2) about \$9.7 million in guaranteed loans had been approved during July 1966 through April 1976. Additional funding was also reported for other communication's projects which included cable television, but the funding level directly related to cable could not be determined. In most cases the agencies reported

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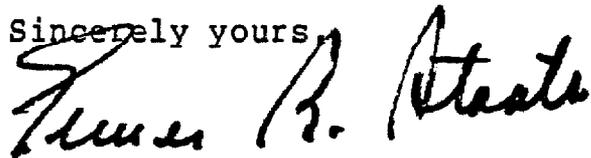
no formal coordination in the area of cable television. None of the agencies reported any specific guidelines for using cable television funds. As agreed with your office, we did not verify the information received from the 18 responding organizations.

A detailed response to each point outlined in the Subcommittee's request is provided in appendixes I to IV. As requested during later meetings with your office, we have included in appendix V our observations on the information reported by the organizations.

As your office requested, we have not obtained formal agency comments. However, information reported to us was discussed with agency officials, and we have included any subsequent information in the report.

We will be in touch with your office in the near future to arrange for the release of this report so that copies can be provided to other congressional committees, interested Members of Congress, and Federal agencies.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Thomas B. Steats". The signature is written in a cursive style with a large initial 'T'.

Comptroller General
of the United States

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ABBREVIATIONS

BIA	Bureau of Indian Affairs
EDA	Economic Development Administration
FCC	Federal Communications Commission
HEW	Department of Health, Education, and Welfare
HUD	Department of Housing and Urban Development
NSF	National Science Foundation
OMBE	Office of Minority Business Enterprise
OTP	Office of Telecommunications Policy
SBA	Small Business Administration

FEDERAL ORGANIZATIONS QUESTIONED ABOUT
CABLE TELEVISION FUNDING (note a)

1. Interstate Commerce Commission
2. National Aeronautics and Space Administration
3. Board for International Broadcasting
4. National Academy of Sciences
5. Department of the Interior
6. Commission of Fine Arts
7. Committee for the Purchase from the Blind and
Other Severely Handicapped
8. United States Information Agency
9. International Trade Commission
10. Equal Employment Opportunity Commission
11. Federal Trade Commission
12. Consumer Product Safety Commission
13. National Commission on Libraries and Information Science
14. Federal Communications Commission
15. Department of Defense
16. Department of Housing and Urban Development
17. Corporation for Public Broadcasting
18. Department of Labor
19. Office of Telecommunications Policy
20. General Services Administration
21. Department of Commerce
22. Department of Transportation
23. National Science Foundation

24. Small Business Administration
25. Department of Health, Education, and Welfare
26. National Foundation on the Arts and the Humanities
27. Department of Agriculture
28. Veterans Administration
29. Environmental Protection Agency
30. Bureau of Indian Affairs
31. United States Postal Service
32. Community Services Administration
33. Department of the Treasury
34. Law Enforcement Assistance Administration

a/ The first 26 Federal organizations were called to determine if they were funding cable television. Thirteen of these organizations (numbers 14 through 26) said they may in some way fund cable television and were sent a questionnaire. The response to the questionnaires and information provided by the Subcommittee led us to call officials in eight additional organizations (numbers 27 through 34). Five were in some way involved in funding cable television (numbers 27 through 31).

SUMMARY OF FEDERAL ORGANIZATIONS IDENTIFIEDAS FUNDING CABLE TELEVISION

<u>Federal organizations</u>	<u>Type of funding</u>	<u>Amount</u>
Department of Housing and Urban Development	Contracts	a/\$494,200
Corporation for Public Broadcasting	Contracts	b/ 85,400
Office of Telecommunications Policy	Contracts	398,406
National Science Foundation	Grants	b,c/4,584,666
Department of Health, Education, and Welfare	Grants Contracts	1,370,522 a/1,755,976
National Foundation on the Arts and the Humanities	Grants	550,103
Federal Communications Commission	Contracts	a,c/52,084
Department of Commerce	Contracts Grants	1,927,721 a/2,000
Bureau of Indian Affairs	Grants	40,000
Department of Defense	(d)	(d)
Department of Labor	(e)	(e)
General Services Administration	(f)	(f)
Department of Transportation	a/ None	None
Veterans Administration	(g)	(g)
Environmental Protection Agency	(h)	(h)
United States Postal Service	(a)(i)	<u>(a)(i)</u>
Total funding for contracts and grants		<u>\$11,261,078</u>
Small Business Administration	Guaranteed loans	j/\$9,542,900
Department of Agriculture	Guaranteed loans	<u>k/190,000</u>
Total funding for guaranteed loans		<u>\$9,732,900</u>

NOTE: Footnote references to Appendix II are on pages 25 to 27.

Purpose, Duration, and Amount of Each Cable
Television Grant or Contract From
February 1970 Through September 1975

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Department of Housing and Urban Development:				
Community Information Systems	contract	\$192,200	Assess market potential for service delivery over cable television.	9/71 - 2/73
National Academy of Engineering	contract	302,000	Assess role of communications technology in alleviating urban problems.	2/70 - 5/71
Corporation for Public Broadcasting:				
Charles Eames	contract	b/55,000	Film on cable television.	1972 (6 months)
Herbert Dordick	consulting contract	10,450	Research on cable television.	1975 (as needed)
John Witherspoon	consulting contract	14,950	Research on cable television and cable radio.	1975 (as needed)
Snavelly, King and Tucker	consulting contract	5,000	Economic study on cable television.	8/71

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Office of Telecommunications Policy:				
RMC Incorporated	contract	\$ 24,488	Develop a model to determine optimal cable television configuration for a given system. A wide range of parameters were encompassed to permit adaptation of the model to a wide variety of cable systems.	7/71 - 1/72
Clendenon and Brown	contract	5,000	Survey the potential utility of closed circuit television with two-way voice for use by Federal departments and agencies.	1/
Marklarkey, Taylor, and Associates	contract	64,200	Determine the feasibility and economic viability of utilizing wide-band communications facilities to alleviate urgent social problems.	8/71 - 10/71
Stanford Research Institute	contract	28,326	Develop mathematical model for evaluating, on a cost-effective basis, various alternatives for the deployment of communications facilities.	12/71 - 6/72
Colorado Seminary	contract	51,000	Hypothesize how broadband communications in rural areas can be economically achieved through selective and integrated application of several television distribution technologies.	1/73 - 8/73

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Office of Telecommunications Policy (con't):				
MITRE Corporation	contract	\$ 34,738	Create cable television model to determine the economic ramifications of various policy alternatives.	4/73 - 12/73
TeleCom Engineering Incorporated	contract	900	Compile handbook to guide local officials in making legal, economic, and regulatory decisions regarding new and existing cable systems.	5/73 - 6/73
COSMOS Engineering	contract	21,200	Examine two broadband communication systems: one, a small system of 10,000 subscribers; the second, a large system of 50,000 subscribers.	7/73 - 12/73
National Economic Research Associates	contract	35,000	Study program production: barriers to entry, measures of concentration, and costs of production. Examine the likelihood of a robust industry developing for cable television.	Fall 1971 - Fall 1972
Temple, Barker, and Sloan	contract	42,142	Formulate demonstration program utilizing broadband technologies, with focus on two-way cable television.	8/73 - 12/73

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Office of Telecommunications Policy (con't):				
Stanford Research Incorporated	contract	\$ 61,582	Assess current market status of pay cable television and subscription television.	11/73 - 7/74
Colorado Seminary	contract	26,780	Estimate capital and operating costs of integrated rural communication systems.	2/74 - 4/74
Harvey Shapiro	contract	3,050	Revise draft report on cable television produced by the Cabinet Committee on Cable Television. The revision effort included editing, rewriting, proofing, and all other steps necessary to prepare the report for printing and public distribution.	1/74 - 3/74
National Science Foundation:				
RAND Corporation	grant	267,000	Assemble and synthesize information on cable television, primarily to enable informed decisionmaking by local governments on questions concerning the franchising of cable television services.	12/71 - 4/73

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
National Science Foundation (con't):				
Corporation for Public Broadcasting	grant	b/\$45,000	Commission a short film by an eminent artist, Charles Eames, to bring to the attention of the public the technical and public service potential of cable television.	1/72 - 7/72
Lehigh University	grant	100,000	Develop four experimental design applications. The first application was designed to determine whether cable television interactive polling could effectively increase participation by citizens in government affairs; the second, to meet educational needs of retarded adults working in a community employment program; the third, to develop several pilot community information centers; and the fourth, to assist school systems in administrative and teaching techniques.	6/74 - 6/75
New York University Alternate Media Center	grant	100,000	Determine the benefits of telecommunication technology for delivering services to the elderly.	6/74 - 4/75

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
National Science Foundation (con't):				
Michigan State University Department of Television- Radio	grant	\$ 88,500	Design a package of experiments to test the effectiveness of two-way cable television for delivering services in the areas of (1) citizen-government communications and urban administration, (2) social services and parent-child training, and (3) citizen information programs.	6/74 - 5/75
RAND Corporation	grant	99,900	Design an experiment using two-way cable television facilities for the delivery of social services.	6/74 - 3/75
University of Southern California Annenberg School of Communications	grant	92,700	Test delivery of social service information by cable in an urban environment.	6/74 - 3/75
University of Denver, Denver Research Institute	grant	99,900	Test applications of two-way cable television for the delivery of social services.	6/74 - 3/75

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
National Science Foundation (con't):				
Urban Institute	grant	\$ 99,100	Design experiments using two-way cable to deliver social services to residents of Peoria, Illinois.	6/74 - 3/75
New York University, Alternate Media Center	grant	398,700	Test the costs and effectiveness of using two-way cable television to deliver selected services to the elderly in Reading, Pennsylvania.	5/75 - 8/76
Michigan State University, Department of Television-Radio	grant	430,200	Test the cost effectiveness of using two-way cable television to train firefighters in Rockford, Illinois.	5/75 - 4/76
RAND Corporation	grant	1,106,566	Test the relative cost effectiveness of three public service applications of cable television in Spartanburg, South Carolina. The three applications are adult education, day care worker training, and coordination of input procedures for welfare programs.	6/75 - 12/77
Johns Hopkins University	grant	\$ 259,900	Refine a micromodel for evaluating economic costs and revenues of an urban cable system.	7/73 - 6/76

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
National Science Foundation (con't):				
University of Michigan	grant	\$ 88,500	Develop an overview for cable communications policy research and create a cohesive interdisciplinary research program at the University.	5/73 - 6/75
Michigan State University	grant	85,100	Examine the selection and delivery of a social service via cable television, simulate by modelling the consequences of alternative policies on the cost effectiveness of cable delivered public services, and refine public policy questions arising from the studies.	7/73 - 12/74
MITRE Corporation	grant	946,000	Study the technical and economic considerations associated with the home delivery of instruction and other socially related services via interactive cable television and study the experimental demonstration of such an interactive television system.	3/72 - 9/75
Stanford University	grant	297,600	Support research and a seminar concerning the technological, institutional, and policy alternatives involved in using and controlling the use of existing and new communications and computer technology which will have a major impact on society.	7/70 - 6/72

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
National Science Foundation (con't):				
National League of Cities - U.S. Conference of Mayors	grant	\$ 25,000	Study municipal involvement in broadband cable communications.	12-month grant awarded in 1972
Department of Health, Education, and Welfare:				
ABT Associates	contract	152,917	Develop a planning document for use in determining which health, education, and welfare programs are most amenable to delivery via cable television and to locate sites for demonstrations.	6/73 - 6/74
Dr. John Wempner Lakeview Clinic Waconia, MN	contract	208,721	Explore the utility of two-way visual communication among the members of a geographically dispersed group health practice in a rural area.	6/72 - 3/74
Dr. Carter Marshall Mount Sinai School of Medicine, Department of Community Medicine, New York, NY	contract grant	114,434 289,039	Explore the feasibility of providing physicians coverage to pediatric clinics using two-way television over a cable.	contract - 6/72 - 6/73 grant - 7/73 - 11/75

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<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Department of Health, Education, and Welfare (con't):				
Regents of the University of the State of New York	contract	\$738,404	Explore the use of cable television to deliver computer-assisted instructional services to homebound emotionally disturbed children and youth.	7/74 - 7/76
Flathead Valley Community College Kalispell, MT	grant	46,580 86,719 37,580	Plan a cable television-based educational system for widely dispersed groups and individuals in rural areas.	3 1-year grants 1973 - 75
Dayton-Miami Valley Consortium Dayton, OH	grant	735,604	Explore the potential of a multipurpose and human services delivery system by identifying community needs, developing programing responsive to those needs, and delivering courses in formats which maximize community participation via cable television.	7/73 - 7/76
Deafness Research and Training Center of New York University New York, NY	grant	50,000	Identify needs of the deaf which might be served through applying cable television technology and plan for a cable television cooperative for the deaf.	7/72 - 7/73

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Department of Health, Education, and Welfare (con't):				
MITRE Corporation	contract	\$ 50,000	Explore the use of new telecommuni- cation technologies that might be particularly applicable in improving the administration and delivery of social and rehabilitation services throughout the Nation.	7/72 - 7/73
Dr. Sherman Kupfer Project Director Mount Sinai School of Medicine Department of Community Medicine New York, NY	contract	491,500	Examine the utility of cable television in urban public housing for the delivery of health care and health care information to the elderly.	3/72 - 3/75
O'Brien Communications, Inc. Cambridge, MA	grant	125,000	Demonstrate the use of cable television as a means of extending the services and outreach of senior citizen centers.	12/72 - 6/74

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
National Foundation on the Arts and the Humanities:				
Aspen Institute for Humanistic Studies	grant	\$ 77,000 and 100,000	Workshop on Uses of the Cable: to involve 2 workshops were held humanists and humanistic perspectives in explaining policy issues regarding the development of cable communication.	6/72 - 5/73 and 6/73 - 9/75
Cable Arts Foundation, Incorporated	grant	25,000	The Critical Experience: research and development for a series which will test the feasibility of utilizing cable's capacity to deliver humanities programing based on extant films and radio.	4/75 - 10/75
Cable Arts Foundation	grant	44,788	Produce, assemble, and distribute nationally by cable television a 10 program, 1-hour series of the American independent film as art.	1974
New York University	grant	303,315	Place filmmakers and video artists in residence for a period of 1 year at cable stations around the country.	Fiscal years 1974-76

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Federal Communications Commission:				
Price Waterhouse	contract	\$ 52,084	Conduct a study to determine the policy issues inherent in a uniform system of accounts for the cable television industry.	9/75 - 6/76
Department of Commerce:				
E. J. Roth	consulting contract	10,000	Develop information on cable television manpower, such as job descriptions and educational requirements.	3/73 - 3/74
Denver Research Institute	contract	55,000	Study technological innovations in video and their potential market institutional and consumer impact. Cable television was one of five selected areas included in the study.	3/72 - 2/73
Institute for the Future	contract	19,775	Conduct: (1) a study of the potential market demand for two-way information service to the home, (2) a study of future urban high-capacity telecommunications systems, and (3) a modeling approach to the future interaction of cable television and the television broadcast industries.	6/71 - 12/71

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Department of Commerce (con't):				
Charles Rivers Associates	contract	\$ 65,000	Study, through the use of a model, cable penetration into the marketplace.	3/75 - 10/75
National Academy of Engineering	contract	(m)	Study telecommunications as it affects metropolitan areas. One segment of this study involves cable television.	7/75 - 9/80
Cablecommunications Resource Center, Booker T. Washington Foundation	contract	1,750,000	Operate, on a national basis, a central telecommunications data and information center for the benefit of all minority groups seeking entrance into the cable television industry. Conduct market studies to identify cable-ready areas and locate minority community groups interested in getting into the cable television industry in these areas. Assist the community groups to organize local investors, secure city franchises and financing, and plan construction and system operations.	1/72 - 11/76
Booker T. Washington Foundation	grant	2,000	Survey the applications of telecommunications in rural development.	6/75 - 8/75

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
Department of Commerce (con't):				
MITRE Corporation	contract	\$ 27,946	Develop, test, and verify procedures for a cable television financial model and complete the financial documentation.	1/74 - 9/74
Bureau of Indian Affairs (note n):				
Fred Brewer Oyate Vision Pine Ridge, SD	grant	40,000	Install a cable television system in Pine Ridge, SD, to provide this predominantly Indian community of 3,700 with clear reception on four television channels in addition to local affairs and news programming.	4/75
United States Postal Service (note i):				
Radio Corporation of America	contract	2,277,000	Study the feasibility of an electronic mail delivery program. Review and evaluate different communication techniques and propose three potential systems for electronic mail delivery. Cable television is one area which will be studied.	4/76 - 4/78

<u>Recipient</u>	<u>Type of award</u>	<u>Amount</u>	<u>Purpose</u>	<u>Duration</u>
United States Postal Service (con't):				
Arthur D. Little Company, Boston, MA	contract	\$522,000	Study and assess the technology applications related to telecommunications for electronic mail delivery.	7/75 - 10/76
Pitney Bowes Stamford, CT	contract	2,302,000	Develop a printing and paper handling system for the electronic mail delivery program.	10/75 - 10/77

Purpose (note o), Duration, and Amount of
Each Cable Television Guaranteed Loan
From July 1966 through April 1976

<u>Recipient</u>	<u>Amount</u>	<u>Duration</u>
Small Business Administration (note j):		
CAT-V Construction Co., Inc. Malden, MA	\$ 52,400	10/73 - 10/76
KVC, Inc. New York, NY	75,000	8/74 - 8/79
H&M Cable Service, Inc. Reedsville, WV	60,000	10/71 - 10/81
Tygart Valley Cable Corp. Elkins, WV	250,000	1/72 - 1/77
Whitehall Electronics Fairmont, WV	31,000	5/72 - 5/82
Master Telecable, Inc. Racine, WV	125,000	1/75 - 1/82
Key White Video, Inc. Huntington, WV	310,000	4/75 - 10/82
Burke County CATV, Inc. Vidalia, GA	175,000	1/75 - 1/82
Cynthiana CATV, Inc. Cynthiana, KY	120,000	9/71 - 9/79
McCreary Co. Cablevision Co. Whitley City, KY	125,000	5/73 - 5/81
C Carp & M Thomp Com. Ant. Ser. Manchester, KY	131,000	3/74 - 3/82
Flat Gap Cable Co. Volga, KY	9,000	8/75 - 8/80
Murphy Cable Television Murphy, NC	100,000	4/71 - 4/76

APPENDIX II

APPENDIX II

<u>Recipient</u>	<u>Amount</u>	<u>Duration</u>
Clearview Cable, Inc. Garden City, SC	\$200,000	12/72 - 12/80
J&J Cable TV Lithronia, GA	300,000	4/76 - 4/77
Sareco, Inc. Abbeville, SC	50,000	4/71 - 4/79
Columbia Video Cable Co., Inc. Jackson, MS	210,000	2/76 - 2/84
North Gibson County CATV Dyer, TN	150,000	11/73 - 11/80
Lakeland Cablevision Detroit Lakes, MN	125,000	11/71 - 11/78
Lakeland Cablevision, Inc. Detroit Lakes, MN	52,500	5/73 - 9/80
Hallock Development Corp. Hallock, MN	120,000	5/74 - 5/86
Community Cable Company Ortonville, MN	15,000	7/68 - 7/76
Community Cable Co. Ortonville, MN	60,000	10/69 - 10/77
Highland Cable TV, Inc. Hillsboro, OH	190,000	9/72 - 9/82
Multi County Cablevision, Inc. Lodi, OH	250,000	5/73 - 5/83
CAS Communications, Inc. Canton, OH	350,000	7/73 - 7/83
Gary Communications Group, Inc. Gary, IN	285,000	11/73 - 11/83
Vista Cable, Inc. Monticello, IN	132,000	4/71 - 4/81

APPENDIX II

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<u>Recipient</u>	<u>Amount</u>	<u>Duration</u>
Tremplo Cablevision, Inc. Whitehall, WI	\$ 86,000	6/73 - 6/79
Byesville Cable Company Byesville, OH	165,200	6/74 - 6/84
New Ventures, Inc. Alpine, TX	125,000	12/72 - 12/82
Wheeler TV System Wheeler, TX	41,000	2/73 - 2/83
Spur Cable TV Spur, TX	50,000	6/75 - 6/85
El-Rado TV System Eldorado, OK	10,000	10/71 - 10/76
SMS Cable Company Carnegie, OK	50,000	11/73 - 11/81
Euhlew Sales & Eng. Co., Inc. Junction, TX	10,500	11/71 - 11/77
Sun Cable TV Deming, NM	250,000	12/71 - 12/81
San Juan Cable TV, Inc. Farmington, NM	125,000	3/74 - 3/84
Carthage Cablevision, Inc. Carthage, TX	200,000	2/74 - 2/81
Tele-Vu, Inc. Grants, NM	100,000	4/76 - 4/86
Fort Cablevision, Inc. Fort Scott, KS	120,000	7/66 - 12/76
Neosho Co. Cablevision, Inc. Raytown, MO	52,000	6/73 - 12/80
Taney County Cablevision, Inc. Branson, MO	100,000	9/68 - 9/78
Erie Cable TV, Inc. Erie, KS	90,000	6/70 - 6/85

APPENDIX II

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<u>Recipient</u>	<u>Amount</u>	<u>Duration</u>
Jim's T.V. Lansing, IA	\$ 46,000	3/74 - 3/84
Tri River Cable, Inc. Topeka, KS	72,500	8/73 - 8/80
Lynn's Radio & Appliance Protection, KS	20,000	4/75 - 4/80
Tri-River Cable, Inc. ET AL Enterprise, KS	100,000	5/75 - 5/85
Konoctt TV, Inc. Englewood, CO	420,000	9/71 - 9/77
Comm. Dev. Corp. of Carrington Carrington, ND	180,000	10/71 - 10/81
Comm. Dev. Corp. of Bottineau Bottineau, ND	170,000	6/72 - 6/87
Econ. Dev. Corp. City of Rugby ND	173,700	6/72 - 6/87
Walhalla Cable TV, Inc. Walhalla, ND	80,000	10/72 - 10/82
Fessenden Development Corp. Fessenden, ND	68,800	12/72 - 12/87
Harvey Development Corp. Harvey, ND	190,800	12/72 - 12/87
Drayton Econ. Dev. Corp. Drayton, ND	108,800	4/74 - 4/89
Souris Valley Cable TV, Inc. Minot, ND	400,000	9/74 - 4/84
Towner Cable TV, Inc. Towner, ND	69,500	4/75 - 4/85
Kenmare Community Dev. Corp. Kenmare, ND	252,000	8/75 - 8/90

APPENDIX II

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<u>Recipient</u>	<u>Amount</u>	<u>Duration</u>
Bacons Radio & TV Wibaux, Montana	\$ 17,000	9/74 - 9/79
Forsyth Cable TV Co. Forsyth, MT	107,700	1/75 - 1/83
Dubois CATV, Inc. Riverton, WY	36,000	8/71 - 8/79
Dubois CATV, Inc. Riverton, WY	10,000	7/72 - 7/80
Cable Antenna Systems San Rafael, CA	168,000	3/73 - 3/79
Century Cablevision Planada, CA.	45,000	10/72 - 3/78
Camp, Inc. Hilo, HI	130,000	2/72 - 2/84
North County Cable (Inc.) Solana Beach, CA	190,000	8/75 - 8/82
Rainier Valley Cable TV, Inc. Bellevue, WA	40,000	4/74 - 4/81
KCCS TV Cable, Inc. Bellevue, WA	130,000	6/75 - 6/82
Rowans TV, Inc. Prineville, OR	100,000	10/71 - 10/79
Enterprise Joseph Cable- vision Enterprise, OR	90,000	10/73 - 10/81
Betterview Cble. Visn. of Oregon, Inc. Myrtle Creek, OR	275,000	12/74 - 12/81
Key TV, Inc. Redmond, OR	68,000	6/69 - 6/79
Community Antenna System Spokane, WA	72,500	4/74 - 4/81
Benewah Cable Co., Inc. St. Maries, ID	25,000	5/74 - 5/81

<u>Recipient</u>	<u>Amount</u>	<u>Duration</u>
Clearwater Cable TV Corp. Orofino, ID	\$ 59,000	8/75 - 8/82
Department of Agriculture (note k):		
Windsor Cablevision Inc. Williamston, NC	190,000	1974 - 1984

a/This does not include funding for an interagency project with the National Academy of Engineering exploring metropolitan communications. One aspect of the project involves the potential for cable applications to metropolitan needs. The fiscal year 1976 funding, as reported by the Department of Commerce, the contracting agency, for the total project, including that portion for cable, was:

Department of Commerce, Office of Telecommunications	\$ 50,000
Department of Health, Education, and Welfare	40,000
Federal Communications Commission	40,000
Department of Transportation	20,000
Department of Housing and Urban Development	20,000
United States Postal Service	20,000
Total	<u>\$190,000</u>

b/The National Science Foundation has also provided the Corporation for Public Broadcasting with a \$45,000 grant to commission a short film on the technical and public service potential of cable television. This amount is included as part of the \$85,400 of contracts the Corporation awarded and is not included as part of the Foundation's grants.

c/The Federal Communications Commission has also provided the National Science Foundation \$50,000 as part of an ongoing grant to Johns Hopkins University. This amount is included as part of the \$4,584,666 of the Foundation's grants and is not included as part of the Commission's grants.

d/The Department of Defense's use of cable television involves television transmitted over cable circuits for training, security, information and education, command and control, and research and development

purposes within the Department. The Department contracted with the MITRE Corporation in fy 1972 for a feasibility study of the wired city concept for army bases. The study involved all forms of communication--radio, computers, telephone, and cable television. The Department reported the funding level for this contract through fy 1976 and the transition quarter as \$848,000 with a \$200,000 budget for fy 1977. The funding directly relating to cable television could not be determined. A second contract for \$68,000 was awarded to the MITRE Corporation to test the wired city concept at Fort Bliss in El Paso, Texas. The title of the project is Army Base Information Transfer System Test Bed.

The Department also reported that there are some community antenna systems on a few isolated installations in which a vendor receives a franchise from the base to set up a cable television system by allowing the base a minimum of one channel for base use. The Department reported that the base used nonappropriated funds for programing. The funding level for this activity was not reported.

e/Under Title I of the Comprehensive Employment and Training Act, local sponsors in seven communities have allocated funds for the training of personnel for cable television. These communities are: Cambridge, Massachusetts (Eastern Middlesex Human Resources Consortium); Tacoma, Washington; Indianapolis, Indiana; Gary, Indiana; Fort Wayne, Indiana; the State of Indiana as sponsor for localities not otherwise covered by prime sponsors; and Dayton, Ohio. These programs are operated by the States and communities themselves, thus detailed information was not available at the Department of Labor.

f/Closed circuit television is currently used for public building protective surveillance. Additionally, the General Services Administration participates in funding a closed circuit television network used by various Federal agencies for conference and training purposes. The network is operated by the Metropolitan Regional Council in the New York area.

g/The Veterans Administration is involved in funding and using closed circuit television at its hospitals throughout the United States. The medium is employed for diagnostic, therapeutic, and educational purposes. The purchase and, generally, the installation of closed

circuit television systems are achieved through a contract with manufacturers and other commercial organizations.

h/The Environmental Protection Agency has a program for the measurement of the electromagnetic radiation in the environment from high power sources. These sources--microwave and radio transmitters--involve using cable. The program is supposed to measure the power densities in the environment from these sources to determine if an environmental problem exists, and if so, whether standards should be developed for protection of the environment and public health.

i/The Postal Service has funded three contracts, totaling \$5,101,000, for electronic mail delivery studies. Cable television is only one of the delivery mechanisms being considered, and the amount directly related to cable could not be determined.

j/The Small Business Administration's guaranteed business loans are generally each limited to 90 percent of the total loan amount up to \$350,000.

k/The Department of Agriculture's Farmers Home Administration will guarantee loans, without fixed limitations, up to 90 percent of the loan amount.

l/Duration not reported.

m/The funding reported for fy 1976 was \$190,000: \$40,000 from the Department of Health, Education, and Welfare; \$20,000 from the Department of Housing and Urban Development; \$20,000 from the Department of Transportation; \$40,000 from the Federal Communications Commission; \$50,000 from the Department of Commerce; and \$20,000 from the U.S. Postal Service. The funding related only to cable television could not be determined.

n/The Bureau of Indian Affairs reported that the Small Business Administration made a \$60,000 guaranteed loan to Oyate Vision. The Small Business Administration did not report this loan.

o/The purpose of these loans was not reported.

REGULATIONS AND GUIDELINES GOVERNING
THE USE OF FUNDS FOR CABLE TELEVISION

Department of Housing and Urban Development (HUD)--reported that it had provided funds for contracts relating to cable television under the authority of Title V of the Housing and Urban Development Act of 1970. HUD noted that it had no specific guidelines for using funds for cable television because a decision was made by the Secretary in September 1973 to stop funding telecommunication research in favor of other research priorities, such as neighborhood preservation.

Corporation for Public Broadcasting--reported that it provided funds for contracts relating to cable television under the authority of the Public Broadcasting Act of 1967. The Corporation reported no specific guidelines for using these funds.

Office of Telecommunications Policy (OTP)--reported that it was responsible for coordinating the telecommunications activities of the executive branch and for formulating policies and standards for such activities as spelled out in Executive Order 11556. OTP Circulars 1, 2, and 13 outline the methods for coordinating the Federal Government's activities in all telecommunication activities. OTP Circular No. 2 specifically establishes the policies and procedures for the notification of certain telecommunications activities to OTP. These activities are defined as the current and planned Federal programs involving telecommunications technology which are directed toward the development, demonstration, or use of telecommunication systems, techniques, or capabilities which ultimately might be used within the private sector.

Specific guidelines are developed on a case-by-case basis, but in all cases the guidelines specify that a project is not to become self-perpetuating--permanently funded by the Federal Government.

National Science Foundation--reported that it funded cable television research as one area under its Telecommunications Policy Research Program. This program is one area of research of the Foundation's program of research applied to national needs authorized by the National Science Foundation Act of 1950, as amended.

The Telecommunications Policy Research Program relating to cable television has been divided into two phases. The first phase was to design experiments to evaluate the effectiveness of two-way cable telecommunications for delivery of social services and in improving urban administration. The second phase is intended to show the potential of advanced two-way cable television technology for delivering cable services.

Department of Health, Education and Welfare (HEW)--reported that it had provided funding for cable television under its broad authority to develop innovative programs. For the information contained in appendix II, pages 12 through 14, relating to the Department's activities, authority resides with the Health Resources Administration, Public Health Service; the Bureau of Education for the Handicapped, Office of Education; the Rehabilitation Services Administration, Social and Rehabilitation Service; and with the Office of Planning and Evaluation, Office of the Secretary. Each of these departmental authorities has provisions for innovation in delivery of services. Cable projects are funded under these broad research and development authorities. The Educational Broadcasting Facilities and Telecommunications Demonstrations Act of 1976 (Public Law 94-309) is the only authority which specifically addresses cable television systems.

National Foundation on the Arts and the Humanities--reported that it was established by the National Foundation on the Arts and the Humanities Act of 1965, as amended. This authority does not specifically mention projects in the media. However, in carrying out its dual mission of (1) fostering public understanding of the humanities and (2) creating and maintaining emphasis on artistic and culturally significant programs, the Foundation supports the costs of production and preproduction research for television programming on the arts and humanities. Accordingly, proposal grants to carry out projects utilizing cable television are treated identically with those intended for use on public television. Guidelines for all Foundation programs may be found in the "Catalog of Federal Domestic Assistance" (45.104 - 45.125) and (45.001 - 45.012).

Federal Communications Commission (FCC)--reported that it had general research funding administered by its Office of Plans and Policy. These funds were used primarily for outside contract research which can include cable television. FCC reported that theoretically it probably could fund

some particular demonstration projects involving the construction of cable television systems; however, it had not done so.

Department of Commerce--reported that it had the broad authority to investigate conditions which affect transmission of radio waves from source to receiver (15 U.S.C. 272). This authority is carried out by the Department's Office of Telecommunications. The Department noted that contracts or grants for cable television research must contribute to a specific program goal or an understanding of cable television.

The Office of Minority Business Enterprise (OMBE) funds only business assistance organizations through grants and contracts. The authority for this funding comes from Title III of the Public Works and Economic Development Act of 1965, as amended, and Executive Order 11265.

The Department's Economic Development Administration (EDA) has the authority to fund cable television through loans, guaranteed loans, or grants under Titles I, II, and III of the Public Works and Economic Development Act of 1965, as amended. Under EDA's current policy, loans are not available to media-related groups. This position is being reevaluated.

The Department's Office of Policy Development is reviewing the Department's policy for funding broadband communications. This includes direct loans, guaranteed loans, grants to nonprofit organizations, and OMBE's involvement in indirect technical assistance.

Bureau of Indian Affairs (BIA)--reported that under the authority of the Indian Reorganization Act of 1934 and the Indian Financing Act of 1974, BIA can provide grants, loans, and guaranteed loans to any Indian-owned enterprise. The guidelines used in providing funds for cable television operators are the same as for other types of firms seeking financial assistance. Generally, grants and loans are made to Indian organizations and individual Indians for financing economic enterprises which contribute beneficially to the economy of an Indian reservation.

Department of Defense--reported that it is not directly involved in funding any cable television activities.

The Department also reported that it saw no prohibitions to using appropriated monies for cable television systems; however, this was a field in which the Department would normally not be involved.

Department of Labor--reported that it had made no funds directly available to cable television for any purpose. The Department noted, however, that under the provision of Title I of the Comprehensive Employment and Training Act, local sponsors in seven communities had allocated funds for the training of personnel for cable television. (See p. 26, footnote e.) Title III of the act also provides funds for the operation of programs to train technicians and other personnel for cable television.

General Services Administration--reported that it did not provide any funds for cable television activities. (See p. 26, footnote f.)

Department of Transportation--reported that it had not and did not anticipate any involvement in the funding of cable television. Further, according to a Department official, there was no explicit authority for the Department to provide such funding.

Veterans Administration--reported that its broad authority to purchase and use closed circuit television falls under Title 38 of the U.S. Code.

Environmental Protection Agency--reported that it had no plans for a measurement study of the electromagnetic radiation in the environment associated with cable television. The present program involves using cable television, but the Environmental Protection Agency believes that there are no measurable effects from cable television.

United States Postal Service--reported that the Postal Reorganization Act of 1970 gave the Postal Service prime responsibility for utilizing the most up-to-date means and methods of delivering mail. Under this authority the Postal Service funds several studies for electronic message handling. Cable television is one delivery mechanism which is being studied. The Postal Service also reported that closed circuit television is used in its buildings to control the flow of parcels.

Small Business Administration (SBA)--reported that it may make loans or guarantees to passive cable television operators only. This policy prohibits the making of

loans to those who originate programing since SBA considers these to be engaged in the opinion molding area and thus ineligible for assistance. The guidelines used in providing funds for cable television operators are the same as for other types of small firms seeking financial assistance. Generally, they are that the business must be small as defined by SBA, unable to obtain financing on reasonable terms from others, and be able to show repayment ability from the earnings of the business.

Department of Agriculture--reported that under the authority of the Rural Development Act of 1972, the Farmers Home Administration can make loans to cable television facilities which serve rural residents. The guidelines used in providing funds for cable television operators are the same as for other organizations seeking financial assistance. Guaranteed loans are available to all types of businesses and industries to create and maintain employment and improve the economic and environmental climate in rural communities. Loans are available to public entities and nonprofit corporations to develop community facilities for public use in rural areas and towns of up to 10,000 people.

The Rural Electrification Act of 1936, as amended, authorizes the Rural Electrification Administration to make loans to improve and extend telephone service in rural areas. The definition of telephone service does not include community antenna television system services or facilities other than those intended exclusively for educational purposes. The Rural Electrification Administration does have guidelines for the loans it makes. The loans are generally made to telephone companies, public bodies, and cooperative nonprofit, limited dividend or mutual associations who will provide telephone service in rural areas.

COORDINATION AMONG FEDERAL ORGANIZATIONSIN FUNDING CABLE TELEVISION

Department of Housing and Urban Development--reported that it did not coordinate with other Federal agencies on cable television funding because it no longer funds cable television projects.

Corporation for Public Broadcasting--reported that it coordinated closely with the National Foundation on the Arts and the Humanities; the Department of Health, Education, and Welfare; and the National Science Foundation.

Office of Telecommunications Policy--reported that it coordinated informally with other Federal agencies on cable television funding but did not include any names.

National Science Foundation (NSF)--reported that coordination was routinely maintained with agencies, such as FCC; OTP; agencies within HEW; the Office of Telecommunications, Department of Commerce; the Corporation for Public Broadcasting; and the Office of Management and Budget. NSF reported that coordination was maintained both at the level of the program as a whole and also through proposal review at the level of individual projects.

Department of Health, Education, and Welfare--reported that a formal relationship was maintained with the Interdepartment Radio Advisory Committee, which is the frequency management division of OTP. Other coordination was carried out through the joint sponsorship of the interagency project exploring metropolitan communications. Participation on committees, such as the Cabinet Committee on Cable Communications (1974) and the Federal Interagency Committee on Education (current), also provide for coordination with other Government agencies. Daily or weekly contact on telecommunications activities is maintained with the following agencies or organizations:

- OTP.
- Corporation for Public Broadcasting.
- Public Broadcasting Service.
- Department of Commerce, Office of Telecommunications.
- National Aeronautics and Space Administration.
- FCC.
- International Radio Consultative Committee.

National Foundation on the Arts and the Humanities--reported that it had the capacity to cosupport projects with other Federal organizations, such as the NSF and the Corporation for Public Broadcasting. The Foundation has a formal standing arrangement with the Corporation for Public Broadcasting for the exchange of information on programing and policy matters, and a member of the Corporation has always been involved in the review process for media grants. The Foundation also reported that it had no specific interagency coordination on cable television.

Federal Communications Commission--reported that it had informal contacts with NSF; OTP; and Office of Telecommunications, Department of Commerce, but had no formal coordination for cable television research expenditures.

Department of Commerce--reported that other Federal agencies had the benefit of the Department's Office of Telecommunications' publications. However, no formal coordination existed with other Federal agencies.

OMBE and the Economic Development Administration are two of the four members of an interagency agreement which also includes SBA and the Farmers Home Administration. The interagency agreement generally provides for cooperation among the four organizations in designing, developing, and implementing a national, minority, rural cable television program.

Bureau of Indian Affairs--reported that it coordinated its funding with the SBA and Economic Development Administration. The Bureau checks to see that the applicant has first tried to obtain assistance from these agencies.

Department of Defense--did not report this information. (See p. 25, footnote d.)

Department of Labor--did not report this information. (See p. 26, footnote e.)

General Services Administration--did not report this information. (See p. 26, footnote f.)

Department of Transportation--reported that it had not provided funds for cable television.

Veterans Administration--reported that it was aware of what other agencies were doing in the area of closed circuit television. Its main contacts were with the

Department of Defense and HEW for the exchange of program matter and the joint purchase of equipment.

Environmental Protection Agency--reported that the coordination for the electromagnetic radiation area was a function of OTP. OTP is responsible for coordinating the meetings of the Electromagnetic Radiation Advisory Council. The Environmental Protection Agency is one of the agencies which meets with the Council.

United States Postal Service--reported that it was funding in-house studies for electronic message handling with the Office of Telecommunications and the National Bureau of Standards in the Department of Commerce and the Naval Electronic Lab Center, San Diego, California, Department of the Navy. The Postal Service also funds the National Academy of Engineering study on metropolitan communications along with FCC, and the Department of Commerce, HUD, HEW, and the Department of Transportation.

Small Business Administration--reported that it did not coordinate the funding of its loans with any other Federal agency. SBA participates in the interagency agreement with EDA, OMBE, and the Farmers Home Administration. (See p. 34, Department of Commerce.)

Department of Agriculture--reported that the Farmers Home Administration coordinated informally with FCC and was participating in the interagency agreement with the EDA, OMBE, and SBA. (See p. 34, Department of Commerce.) The Farmers Home Administration also reported that it had an agreement with SBA to cooperate in using their respective loan-making authorities to complement the activities of each other and to improve the economic climate in the rural areas of the country.

OBSERVATIONS ON INFORMATION REPORTEDBY FEDERAL ORGANIZATIONSFUNDING

It appears from information reported by the 18 Federal organizations involved in funding cable television that subjective judgment contributed to what was considered when reporting funding of cable television. For example, the Department of Housing and Urban Development reported that it was no longer involved in funding cable television projects and the Department of Transportation reported that it had not funded any cable television projects. However, as reported by the Department of Commerce, these two Departments were part of an interagency project exploring metropolitan communications, which include the potential for cable application to metropolitan needs.

Also, the Department of Defense reported that its use of cable television involved television transmitted over cable circuits for training, security, information and education, command and control, and research and development purposes within the Department. After discussions with Department officials, the Department noted that it had awarded two contracts for \$848,000 and \$68,000 to study the wired-city concept for Army bases. This involves such forms of communications as radio, computer, television, and cable television.

The Department of Labor, General Services Administration, Veterans Administration, Environmental Protection Agency, and the Postal Service also reported involvement in using closed circuit or cable television. The funding was not reported because the activities were either a part of larger efforts or were not considered to be directly related to cable television.

Although the information reported may not be all inclusive and thus may not represent the actual degree of total Federal involvement in funding cable television attempts at doing so will be a difficult task, and the results of such determinations will tend to cause some controversy. We believe, however, that evaluations, despite their limited capabilities, are of value to decisionmakers.

GUIDELINES

The agencies providing funds for cable television reported that they had program guidelines which in general applied to their cable television projects. None of the agencies reported any specific guidelines for using funds for cable television.

COORDINATION

We were unable to identify any one source which had compiled information on the Federal organizations funding cable television. We noted, however, that OTP reported that Executive Order No. 11556 charged its Director with coordination of the telecommunications activities of the executive branch and OTP Circulars Nos. 1, 2, and 13 outline the methods for coordinating the Federal Government's activities in all telecommunications activities. In this connection, OTP Circular No. 2 specifically states that the agencies in the executive branch will notify OTP of certain telecommunications activities in order for OTP to carry out its responsibilities. These activities are defined as the current and planned Federal programs involving telecommunications technology which are directed toward the development, demonstration, or use of telecommunication systems, techniques, or capabilities which ultimately might be used within the private sector. OTP officials stated that the circular had never been implemented and that the information required by the circular has never been reported by any agency. It appears that had OTP Circular No. 2 been implemented, information on the funding of cable television would have been more readily available.

In most cases, the agencies reported no formal coordination in the area of cable television. Most of the information reported did show, however, that informal coordination was maintained among agencies. Although, in some cases agencies reported informal coordination, the information reported was not uniform. Specific examples follow:

- HUD reported that it does not coordinate with other Federal agencies on cable television. The Department of Commerce reported, however, that HUD was involved in the interagency project exploring metropolitan communications. One segment of this study involves cable television.

A HUD official stated that HUD did not view this project as a cable television study since cable was one aspect of the study and that HUD's role was a minor one.

- The Department of Transportation did not report any information on coordination but the Department of Commerce reported that the Department of Transportation is involved in the interagency project exploring metropolitan communications. A Department of Transportation official said that it was involved in the project because it was interested in how telecommunications can improve transportation.
- The Small Business Administration reported that it did not coordinate the funding of its loans with any other Federal agency. However, the Bureau of Indian Affairs reported coordination with SBA and the Farmers Home Administration reported that it has an agreement with SBA to cooperate in using their respective loan-making authorities to complement the activities of each other and to improve the economic climate in the rural areas of the country. BIA also reported that SBA made a \$60,000 guaranteed loan to Oyate Vision in South Dakota. SBA did not report this loan, and the loan has not been included in the summary or detail information provided in appendix II.
- The Farmers Home Administration in the Department of Agriculture reported that it has informal contacts with the Federal Communications Commission. FCC did not report this coordination.
- The National Science Foundation reported coordination with the Department of Health, Education, and Welfare. HEW did not list NSF as one of the agencies it has contact with.
- HEW reported that it has contact with FCC, but FCC did not report any informal contact with HEW.

--BIA reported that it coordinated with the Economic Development Administration in the Department of Commerce. EDA did not report this coordination.

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March 1, 1976

Mr. Elmer B. Staats
 Comptroller General of the
 United States
 General Accounting Office
 441 G Street, N.W.
 Washington, D.C. 20548

Dear Mr. Staats:

The staff of the House Subcommittee on Communications has recently completed a study entitled "Cable Television: Promise Versus Regulatory Performance." The purpose of the six-month study was to determine what legislative action, if any, the Congress should take to insure that cable television technology develops in a way that best serves the public. The study focuses both on long-term policy considerations and on short-term ones important to cable's development in the critical decade ahead.

As a follow-up to the study and as a further step in our information-gathering process, I would like to obtain from you a comprehensive list of all federal government agencies and offices that provide funding to cable television for system planning, construction, operation, experimentation, research, etc. I would like to know, additionally, the level of funding provided by each agency (office), the duration, the purpose of the grant and relevant terms of each arrangement. For example, the National Science Foundation currently provides funding to the Rand Corporation for 3 public service delivery experiments in Spartanburg, South Carolina (\$1.1 million for two and a half years).

Also, I am interested to know whether there are any guidelines developed by these agencies or offices to direct the use of the funds and whether there is any coordination among those agencies or offices which are providing funds.

Mr. Elmer B. Staats
March 1, 1976
Page Two

If you have any questions or would like to discuss the above please feel free to contact me. I need this information as soon as possible.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Torbert H. Macdonald". The signature is written in dark ink and is positioned above the typed name.

Torbert H. Macdonald, M.C.
Chairman, Subcommittee on
Communications

THM:md