

The Corporation for Public Broadcasting: Federal Funding and Issues

Glenn J. McLoughlin
Section Research Manager

Mark Gurevitz
Information Research Specialist

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Summary

The Corporation for Public Broadcasting (CPB) receives virtually all of its funding through federal appropriations; overall, about 15% of all public television and radio broadcasting funding comes from the federal appropriations that CPB distributes. CPB's appropriation is allocated through a distribution formula established in its authorizing legislation and has historically received two-year advanced appropriations. Congressional policymakers are increasingly interested in the federal role in supporting CPB due to concerns over the federal debt, the role of the federal government funding for public radio and television, and whether public broadcasting provides a balanced and nuanced approach to covering news of national interest.

It is also important to note that many congressional policymakers defend the federal role of funding public broadcasting. They contend that it provides news and information to large segments of the population that seek to understand complex policy issues in depth, and in particular for children's television broadcasting, has a significant and positive impact on early learning and education for children.

On June 20, 2012, the Corporation for Public Broadcasting released a report, *Alternative Sources of Funding for Public Broadcasting Stations.* The report was undertaken in response to the conference report accompanying the Military Construction and Veterans Affairs and Related Appropriations Act of 2012 (incorporated into the Consolidated Appropriations Act, FY2012, H.R. 2055, P.L. 112-74). The CPB engaged the consulting firm of Booz & Company to explore possible alternatives to the federal appropriation to CPB. Among its findings, the report stated that ending federal funding for public broadcasting would severely diminish, if not destroy, public broadcasting service in the United States.

On September 28, 2012, President Obama signed a Continuing Resolution (CR) of federal funding for FY2013 into law (H.J.Res. 117, P.L. 112-175). It maintains CPB's advanced appropriations for FY2013 at $445 million from October 1, 2012, through October 1, 2013.

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Background

The Corporation for Public Broadcasting (CPB) was incorporated in 1967 as a private nonprofit corporation under the authority of the Public Broadcasting Act of 1967 (P.L. 90-129). CPB funding promotes public television and radio stations and their programs. These CPB-funded stations reach virtually every household in the United States. CPB is the largest single source of funding for public television and radio programming.

Most CPB-funded television programs are distributed through the Public Broadcasting Service (PBS) created in 1969 by CPB. CPB-funded radio programs are distributed primarily through National Public Radio (NPR), created in 1970 by CPB, and Public Radio International (PRI).

The number of radio and television public broadcasting stations supported by CPB increased from 270 in 1969 to 1,300 in 2012,[1] of which 368 are television stations. Public broadcasting stations are run by universities, nonprofit community associations, state government agencies, and local school boards.

Corporation for Public Broadcasting

CPB is a nonprofit private corporation and is guided by a nine-member board of directors. These directors are appointed by the President with the advice and consent of the Senate. The directors serve for staggered six-year terms. The current chairman is Patty Cahill, elected by the board of directors in September 2012. CPB's principal function is to receive and distribute government contributions (or federal appropriations) to fund national programs and to support qualified public radio and television stations based on legislatively mandated formulas. The bulk of these funds, including the matching funds received from nonfederal sources, are used to provide Community Service Grants (or CSGs) to stations that meet specified eligibility criteria. CPB exercises minimum control of program content and other activities of local stations, and is prohibited from owning or operating any of the primary facilities used in broadcasting. In addition, it may not produce, disseminate, or schedule programs. The current president and CEO of CPB is Patricia de Stacy Harrison, appointed by the board of directors in June 2005.

Approximately 15% of all public television and radio broadcasting funding comes from the federal appropriations that CPB distributes.[2] However, among individual public broadcasting stations, the amount of federal dollars that contributes to a station's annual budget depends on the funds it receives from nonfederal sources; the number and extent of broadcast transmitters required to service its coverage area; the extent to which a station is serving rural areas and minority audiences; and whether or not it is a television or radio station.

While federal funding for CPB primarily comes from the Departments of Labor-Health and Human Services-Education appropriations bill as a separate entry under the "Related Agencies" section of that bill, it may receive other sources of funding from the federal government. For example, on October 15, 2010, CPB and PBS received notification of a Ready to Learn grant of nearly $72 million from the Department of Education's Office of Innovation and Improvement.

[1] http://www.cpb.org/aboutpb/faq/stations.html.

[2] http://www.cpb.org/stations/reports/revenue/2007PublicBroadcastingRevenue.pdf.

CPB and PBS will use this money to fund research, development, and deployment of transmedia content to improve the math and literacy skills of children ages 2-8, especially those living in poverty.[3]

Public Television: PBS

PBS was created by CPB in 1969 to operate and manage a nationwide (now satellite) program distribution system interconnecting all the local public television stations, and to provide a distribution channel for national programs to those public television stations. Although PBS does not produce programs for its members, it aggregates funding for the creation and acquisition of programs by and for the stations, and distributes programs through its satellite distribution system. Paula Kerger became the sixth and current president and CEO of PBS in March 2006.

Public Radio: NPR and PRI

For radio, a different division of responsibilities was established. CPB created National Public Radio (NPR) in 1970 as a news-gathering, production, and program-distribution company governed by its member public radio stations. Unlike its public television counterpart, NPR is authorized to produce radio programs for its members as well as to provide, acquire, and distribute radio programming through its satellite program distribution system. NPR Inc., located in Washington, DC, provides these administrative operations. Public Radio International (PRI) was founded in 1983 as an independent, not-for-profit corporation to act as another distributor of public radio content, in competition with National Public Radio and other existing distributors. Gary Knell is currently the president and CEO of NPR.

On October 20, 2010, Juan Williams, a news analyst working as an independent contractor reporter for NPR, was fired by executives in the office of NPR News for comments Mr. Williams made on the Fox News Channel, as well as apparently for previous incidents that violated the terms of Mr. Williams's contract.[4] In an appearance on The O'Reilly Factor show, Mr. Williams stated that he gets "nervous" when he sees someone in "Muslim garb" on an airplane. Two days after his appearance, Mr. Williams was notified by telephone that his contract with NPR was being terminated. In a memorandum to NPR staff on October 24, 2010, Vivian Schiller, then president and chief executive at NPR, stated that she "regrets that NPR executives did not meet with (Mr.) Williams in person to discuss the situation." In addition, Ms. Schiller also stated that Mr. Williams's comment was just the most recent in a series of objectionable remarks Mr. Williams has made while offering commentary on Fox News. This decision was supported by the leadership of NPR news.[5] However, almost immediately there was a strong reaction from some

[3] Corporation for Public Broadcasting, "The Corporation for Public Broadcasting and PBS Receive Ready To Learn Grant Funding from the U.S. Department of Education," press release, October 15, 2010, http://www.cpb.org/pressroom/release.php?prn=840.

[4] Mike Riksen, Vice President, Policy & Representation, letter to the Congressional Research Service, December 6, 2010. p. 1.

[5] Ibid., and as cited at http://www.npr.org/blogs/thetwo-way/2010/10/25/130805049/npr-ceo-apologizes-for-handling-of-williams-termination. Information on NPR's code of ethics may be viewed at http://www.npt.org/about/aboutnpr/ethics/. Last viewed December 23, 2010.

among the media and public about the process and fairness of this firing. This in turn has raised questions about any federal funding that supports NPR policies and programs.

On January 6, 2011, NPR Inc. announced that its board of directors had accepted several recommendations to provide greater clarity and transparency for its code of ethics regarding NPR employees. These include reviewing and updating of policies and training with respect to the role of NPR journalists appearing on other media outlets, reviewing and defining their roles (including those of news analysts) in a changing news environment, and encouraging a broad range of viewpoints to reflect the diversity of NPR's national audiences. At the same time these recommendations were announced, Ellen Weiss, vice president of news for NPR, resigned; it was also announced that Ms. Schiller would not receive a bonus for 2010. On March 9, 2011, Vivian Schiller resigned as president and CEO of NPR, over continued scrutiny and criticism over NPR's handling of an incident regarding Ronald Schiller (no relation) in a taped interview.

In response, some policymakers are revisiting the issue of whether federal appropriations should continue to support any part of the public broadcasting system. They are addressing the overall federal appropriations for CPB (discussed below), as well as any direct funding the NPR Foundation receives from federal sources. H.R. 68 and H.R. 69 (Representative Lamborn, and discussed more fully later in this report) were introduced on January 5, 2011. These bills would have eliminated federal appropriations for NPR and CPB, respectively, in FY2013.

In both FY2010 and FY2011, CPB distributed its community service grant (CSG) money to over 900 public radio stations. NPR directly received $3 million in discretionary grants designated for "special projects" ($2.96 million in FY2010 and $0 in FY2011).[6] In addition, there appears to be at least another source of federal funding for NPR. NPR Inc., which oversees the NPR system, states that annually NPR receives direct funding in the range of $1.5 million to $3 million from two federal agencies and CPB, and that this funding accounts for less than 2% of its annual budget. In FY2009 NPR Inc. received $1.6 million and in FY2010, $2.5 million. The sources of this funding are the National Endowment of the Arts, CPB, and the Department of Education.[7]

Federal Funding

The Obama Administration requested a $445 million appropriation for CPB in its FY2013 budget request (which would be disbursed in FY2015). The vehicle that is used to provide appropriations to the CPB is the Departments of Labor-Health and Human Services-Education bill. After several Continuing Resolutions for the FY2012 federal budget, the final CR was signed into law by President Obama on December 23, 2011 (P.L. 112-74). While the final bill sustained the CPB advanced appropriations approved in the FY2010 budget, it was included in an across-the-board federal recission of 0.189%. The final appropriated funding for CPB stands at $444.1 million for FY2012.

[6] Also described by NPR as "occasional projects." It is important to note that the original numbers provided to CRS were $3.9 million in FY2009 and $4.1 million in FY2010, for a total of $8 million. Telephone Conversation, Office of Congressional Affairs, Corporation for Public Broadcasting, October 21, 2010. The purposes of these grants were to develop HD radio technology for those who are "print- and hearing-impaired"; to distribute next generation public broadcasting technology to individual stations; to support collaborations between public radio and public broadcasting stations for content related to news events of 2008 and 2009; and for other projects. Mike Riksen, Vice President, Policy & Representation, letter to the Congressional Research Service, December 6, 2010. p. 2.

[7] Personal Communication, Anna Christopher, Communications Office, NPR, October 26, 2010.

From the last year of available information, the U.S. public broadcasting system—comprised of the national public radio and television stations—reported total income of $2.8 billion in FY2011.[8] According to the CPB, for public broadcasting revenue by source, CPB funds made up 15.1% of the total; another 2.9% came from federal grants and contracts. The remaining 82% was raised from nonfederal sources (including individuals, businesses, foundations, state and local governments, and educational institutions). The largest single income source (27.4% in FY2011) came from membership.

Federal appropriations which go through CPB to the individual public radio and television stations generally are designated as unrestricted federal funds. For those public radio stations which applied for grants, the amount of grants awarded by CPB totaled $68.6 million in FY2012. However, member stations also pay NPR fees for content and programming; some contend that federal grant money is supporting part of the revenue streams back to NPR Inc.

A history of CPB appropriations is presented in **Table 1**. Additional information on both NPR and PBS funding may be obtained at their respective websites (http://www.npr.org and http://www.pbs.org, respectively).

Table 1. CPB Federal Appropriations

($ in millions)

Fiscal Year	Administration Request	House Appropriation	Senate Appropriation	Final Appropriation
1969	$9	[a]	$6	$5
1970	15	[a]	15	15
1971	22	[a]	27	23
1972	35	35	35	35
1973	45	45	45	35
1974	45	[a]	55	50
1975	60	60	65	62
1976	70	78.5	78.5	78.5
TQ[b]	17	17.5	17.5	17.5
1977	70	96.7	103	103
1978	80	107.1	121.1	119.2
1979	90	120.2	140	120.2
1980	120	145	172	152
1981	162	162	162	162
1982	172	172	172	172
1983	172	172	172	137
1984	110	110	130	137.5
1985	85	130	130	150.5

[8] http://www.cpb.org/stations/reports/revenue/2011PublicBroadcastingRevenue.pdf.

Fiscal Year	Administration Request	House Appropriation	Senate Appropriation	Final Appropriation
1986	75	130	130	159.5
1987	186	[a]	238	200
1988	214	[a]	214	214
1989	214	214	238	228
1990	214	238	248	229.4[c]
1991	214	[a]	302.5[d]	298.9[d]
1992	242.1	314.1[d]	340.5[d]	327.3[d]
1993	306.5[d]	306.5[d]	341.9	318.6[d]
1994	260	253.3	284	275
1995	275	271.6	310	285.6
1996	292.6	292.6	320	275
1997	292.6	[a]	330	260
1998	296.4	240	260	250
1999	275	250	250	250
2000	325	300	300	300
2001	340	340	340	340
2002	350	340	350	350
2003	365	365	365	362.8
2004	[e]	365	395	377.8
2005	[e]	380	395	386.8[f]
2006	[e, g]	335	400	396[h]
2007	[e, g]	400	400	400
2008	[e, g]	400	400	393[i]
2009	[e, g]	None	400	400
2010	[e, g]	420	420	420
2011	[e]	430	430	429.1
2012	440	440	450	444.1
2013	460	460	460	445[l]
2014	451[j]	None	445	445[m]
2015	445[k]			

Source: Compiled by the Congressional Research Service from information from the Corporation for Public Broadcasting (http://www.cpb.org).

a. Allowance not included in House Bill because of lack of authorizing legislation.

b. Transition Quarter funding, during which federal budget year changed from July to September.

c. Reduced FY1990 by Sequestration.

d. Includes funds appropriated for the Satellite Replacement Fund.

e. From FY2002-FY2011, the Bush Administration declined to request two-year advance funding for CPB. Similarly, the President's budget request did not provide separate funding for digital or, where applicable, interconnection replacement, but would have permitted CPB to use a portion of its general appropriation to fund both.

f. FY2005 funding ($390 million) reduced by 0.80% across-the-board rescission in P.L. 108-447.

g. From FY2006-FY2010, the Bush Administration proposed rescissions to CPB's already-enacted two-year advanced funding. The proposed rescissions: $10 million from FY2006; $53.5 million from FY2007; $50 million from FY2008; $200 million from FY2009 and $220 million from FY2010.

h. FY2006 funding ($400 million) reduced by 1% across-the-board rescission in P.L. 109-148.

i. FY2008 funding ($400 million) reduced by 1.747% across-the-board rescission in P.L. 110-161.

j. Fiscal Year 2012 Appendix Budget of the U.S. Government.

k. Fiscal Year 2013 Appendix Budget of the U.S. Government.

l. P.L. 112-10 Senate Committee on Appropriations *FY 2011 CR: Labor, HHS, Education Summary.*

m. P.L. 112-74 Consolidated Appropriations Act, (H.R. 2055).

There was significant legislative interest and activity regarding federal funding for CPB from the end of the 111th Congress through the 112th Congress. During the 111th Congress, Representative Lamborn (CO) introduced H.R. 5538, a bill that would have eliminated federal funding for CPB after FY2012.[9] This bill was referred to the House Committee on Energy and Commerce. During the "lame duck" period of the 111th Congress in November 2010, Representative Lamborn sought to have his bill considered for floor action in the House, but this action was defeated by a vote of 239-171. In response, Representative Earl Blumenauer (OR) defended public broadcasting by stating that "National Public Radio is one of the few areas where the American public can actually get balanced information."[10]

On January 5, 2011, Representative Lamborn introduced H.R. 68 (To amend the Communications Act of 1934 to prohibit Federal funding for the Corporation of Public Broadcasting after FY2013) and H.R. 69 (To prohibit Federal funding of certain public radio programming, to provide for the transfer of certain public debt, and for other purposes). The first bill, like its predecessor H.R. 5538, would have eliminated federal appropriations for CPB when its two-year advanced funding ends. The second bill would have prohibited federal funding to organizations incorporated for specified purposes related to (1) broadcasting, transmitting, and programming over noncommercial educational radio broadcast stations, networks, and systems; (2) cooperating with foreign broadcasting systems and networks in international radio programming and broadcasting; (3) assisting and supporting such noncommercial educational radio broadcasting pursuant to the Public Broadcasting Act of 1967; or (4) acquiring radio programs from such organizations. In effect, it would have prohibited any individual public radio station from using federal funding to engage in transactions with NPR Inc. Both bills were referred to the House Committee on Energy and Commerce.

[9] Full title: "To amend the Communications Act of 1934 to prohibit Federal funding for the Corporation for Public Broadcasting after fiscal year 2012."

[10] Frances Symes, CQ Today Online News, "House Rejects GOP Bid to Reduce Federal Funding for NPR and Local Stations." http://www.cq.com/doc/news.

On January 11, 2011, NPR Inc. responded to the two bills by stating, in part: "The proposal to prohibit public radio stations from using CPB grants to purchase NPR programming interjects federal authority into local station program decision-making. Furthermore, restrictions on the authority of CPB—a Congressionally chartered, independent, nonprofit organization—to make competitive grants to NPR, or any other public broadcasting entity, is misguided."[11]

Other legislation was introduced addressing federal support for public broadcasting. On January 7, 2011, Representative Kevin Brady introduced H.R. 235 (Cut Unsustainable and Top-Heavy Spending Act of 2011 or the CUTS ACT), which provided that all unobligated balances held by the CPB that consist of federal funds be rescinded and no federal funds appropriated hereafter shall be obligated or expended.

On January 24, 2011, Representative Jim Jordan introduced H.R. 408 (Spending Reduction Act of 2011), which would have reduced federal spending by $2.5 trillion through FY2021 in part by eliminating the CPB.

On March 15, 2011, Representative Lamborn introduced H.R. 1076, a bill to prohibit the funding of National Public Radio and restrict the use of federal funds for member stations to acquire NPR broadcasting content. The House Rules Committee passed H.Res. 174, which permitted H.R. 1076 to go directly to the floor and, without any points of order or amendments, be open to one hour of debate before a full vote in the House of Representatives. H.R. 1076 passed the House 228-192, and was referred to the Senate. No further action was taken on this bill.

Other proposals in the 112th Congress addressed federal funding for public broadcasting. On January 20, 2011, the Republican Study Group, a conservative caucus comprised of 100 Members of Congress, released its list of proposed budget cuts, including elimination of CPB's appropriations starting in FY2012. At the same time, Representative Ryan (WI), the chairman of the House Committee on the Budget for the 112th Congress, proposed a new continuing resolution that would have set the rest of the FY2011 budget at FY2008 levels (excluding defense, homeland security, and veterans programs).

Issues

In an age of multiple cable channel options, digital radio, and computerized digital streaming, some ask whether there is a need for federal appropriations to support public broadcasting. The array of commercial all-news radio and radio talk shows, many of which are also streamed on the Internet, provides sources of news and opinion. Supporters of public broadcasting argue that public radio and television broadcasters, free of commercial interruption, provide perhaps the last bastion of balanced and objective information, news, children's education, and entertainment in an era of a changing media landscape. Still, others contend that public broadcasting has lost much of its early impact since the media choices have grown so much over the last several decades and that the federal role in public broadcasting should be re-evaluated as well.

Supporters of public broadcasting contend that public radio and public television provide education and news to many underserved parts of the American population. Public broadcasters may provide this service to an underserved and less commercially attractive population that

[11] *NPR Statement Regarding Proposed Legislation, H.R. 68/69,* NPR., Inc., Washington, DC, January 11, 2011.

commercial broadcasters do not address. For example, PBS broadcasting for children includes lessons in reading, counting, and spelling as part of its content, subjects not normally found on commercial broadcasts. According to NPR Inc., approximately 90% of public radio stations provide local newscasts, airing both newscast and non-newscast content (primarily in weekday drive times and especially during morning drive-time). About half of all public radio stations carry local news during the weekends, says NPR, and 74% of stations are producing and inserting stories into their programming.

On June 20, 2012, the CPB released a report, *Alternative Sources of Funding for Public Broadcasting Stations*. The report was undertaken in response to language in the Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 directing the CPB to provide a report to congressional appropriations committees on alternative sources of federal funding for public broadcasting stations. (H.R. 2055, P.L. 112-74). The report, undertaken by the consulting firm of Booz & Company, provides several alternative or new funding options for public broadcasting stations, with possible benefits as well as liabilities for each option. Five options considered by Booz & Company are television advertising, radio advertising, retransmission consent fees, paid digital subscriptions, and digital game publishing. In addition, fourteen current sources of revenue streams already employed by public broadcasting, ranging from merchandise licensing to mobile device applications, were also analyzed as options to replace federal funding for public broadcasting. Booz & Company found "there is simply no substitute for the federal investment" in public broadcasting and that "Ending federal funding for public broadcasting would severely diminish, if not destroy, public broadcasting service in the United States."[12] The report concludes that if the existing public broadcasting structure were commercialized, the new revenue streams would not offset the loss of federal funding; and that many public broadcasters would have to deviate from their statutory service mission or compete for advertising with established commercial broadcasters in a difficult economic environment.

Still, some critics contend that the report substantiates criticisms of the public broadcasting model: required to compete with commercial television and radio broadcasters that also provide news and entertainment, many public broadcasters could not adapt to a changing media world that provides multiple sources of information and entertainment. For these critics, if many public broadcasters struggle to operate with budget deficits even with federal funding available, what does that say about the need and viability of these stations in a multi-media world, or the ability of their audiences to sustain this business model going forward?

Several important issues are facing congressional policymakers as they address federal appropriations for all forms of public broadcasting. On the most fundamental level, many question the 1967 law that created the national public broadcasting system and whether the federal government should be in the "business" of providing general appropriations to CPB every year since 1969. They ask: is this still a relevant and appropriate role of the federal government? On a second level, some may contend that in an era of spiraling federal deficits, in which many (if not all) federal expenditures are being re-examined, appropriations for CPB should be reduced if not eliminated. These questions revolve around whether federal funding for public broadcasting should be continued at its current level; whether the funding should be modified or reduced; whether the arrangement between the federal funding process and public broadcasting should be changed; or whether federal funding for public broadcasting should be eliminated.

[12] Corporation for Public Broadcasting, *Alternative Sources of Funding for Public Broadcasting Stations,* June 20, 2012, pp. 2, 3.

Public broadcasting retains its strong supporters. Most federal appropriations go through CPB to directly support member stations of NPR, PRI, PBS, and other independent affiliates. Since according to NPR, federal funding to supplement administrative functions amounts to less than 2% of its annual budget, some may question whether such a small amount is worthy of congressional action to eliminate. Independent of the 2011controversy regarding NPR, over the last several years some in Congress have questioned whether the federal appropriations for CPB should be reduced or eliminated as well. Underlying this position are concerns that the federal role, once so clear in 1967, has been eclipsed in a multi-media Internet age; concerns that the size and scope of the federal government budget deficit requires significant cutbacks in many areas; and allegations that public broadcasting is not objective, balanced, or free of an ideological slant.

As indicated in **Table 1**, CPB has consistently received increasing federal appropriations since 1969. Some would contend that this demonstrates a general consensus among congressional policymakers that there is a federal role in public broadcasting. In addition, public support of public radio and television broadcasting generally has been consistent as well. Supporters of a public broadcasting network system contend that local programming content is not determined by NPR Inc., or PBS, and that most content is local serving community needs. Balanced against concerns about the role of the federal government in public broadcasting, as well as strong pressure to reduced federal spending, these issues will likely continue to be of interest to federal policymakers.

Author Contact Information

Glenn J. McLoughlin
Section Research Manager
gmcloughlin@crs.loc.gov, 7-7073

Mark Gurevitz
Information Research Specialist
mgurevitz@crs.loc.gov, 7-7204