

CRS Report for Congress

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The Corporation for Public Broadcasting: Federal Funding Facts and Status

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Summary

Congressional policymakers are closely examining federal funding for the Corporation for Public Broadcasting (CPB). Overall, 15.6% of all public television and radio broadcasting funding comes from the federal appropriations that CPB distributes. The CPB's appropriation is allocated through a distribution formula established in its authorizing legislation. It has historically received two-year advanced appropriations. On June 9, 2005, the subcommittee on Labor, Health and Human Services, Education and Related Agencies of the House Appropriations Committee considered the Labor, Health and Human Service and Related Agencies Appropriations Act for FY2006 (H.R. 3010). The subcommittee voted to reduce CPB's FY2006 appropriations (which had been passed as part of the FY2004 appropriations) to \$300 million; to eliminate both FY2006 appropriations for digital conversion and for capital costs of replacing current interconnection systems; and to eliminate advanced federal appropriations for CPB in FY2008. On June 16, 2005, the full House Appropriations Committee voted to restore \$400 million in federal funding for CPB in FY2008; it also approved funding of \$300 million for FY2006 (H.Rept. 109-143). On June 23, the full House considered the appropriations bill, and approved an amendment to provide \$400 million for the FY2006 CPB budget. On June 24, the House passed H.R. 3010, 250-151, and referred the bill to the Senate. On July 11, the subcommittee on Labor, Health and Human Service, Education and Related Agencies on the Senate Appropriations Committee held hearings on the CPB FY2006 appropriations. On July 14, the Senate Appropriations Committee reported out the FY2006 Labor, Health and Human Services, Education and Related Agencies appropriations bill for FY2006. The committee approved \$400 million for CPB in FY2008; it also approved funding in FY2006 for digital broadcasting, upgrade of the current interconnection system, as well as encouraging additional activities of CPB, all of which would come out of the FY2006 CPB budget. The Senate will next vote on the bill. This report will be updated as events warrant.

Background

The Corporation for Public Broadcasting (CPB) was incorporated as a private nonprofit corporation in the District of Columbia under the authority of the Public Broadcasting Act of 1967 (P.L. 90-129). The CPB was intended to provide a funding mechanism for individual public broadcasting stations, but not subject these stations to political influence or favoritism. CPB was also intended to provide a funding mechanism for the creation and operation of program distribution systems interconnecting the individual public broadcasting stations. Therefore, the CPB receives an annual appropriation, and then uses this money to provide grants to individual public television and radio broadcast entities, and independent program producers and distributors. The Public Broadcasting Service (PBS), National Public Radio (NPR), and Public Radio International (PRI) sometimes receive direct grants from CPB, but the vast majority of the appropriated money goes directly to individual local public broadcasting stations, including most of the member stations and affiliates of these national organizations.

The number of radio and television public broadcasting stations supported by the CPB increased from 270 in 1969 to approximately 1,100 as of August 2003, of which 356 are television stations. Public broadcasting stations are mostly run by universities, nonprofit community associations, state government agencies, and local school boards.

Public broadcasting is regarded by many as a public service. To serve most Americans, public television reaches approximately 99% of the population and public radio, 91%. With regard to programming, the public broadcasting system observes the principle of local autonomy. That is, public broadcasting stations make decisions independently of the CPB as to what programming will be available to their viewing or listening audience as well as on their programming schedule.¹

The Corporation for Public Broadcasting

The CPB serves as an umbrella organization for public television and radio broadcasting. The CPB is a nonprofit private corporation and is guided by a 9-member board of directors, of which the members are appointed by the President with the advice and consent of the Senate. The directors serve for staggered six-year terms. Although its creation as a private nonprofit corporation was motivated by the desire to eliminate political influence, it is required to make reports to Congress and submit to audits. The 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 are to provide Community Service Grants (or CSGs) to stations that meet specified eligibility criteria, including the amount of matching funds they receive from non-federal sources. By law, the CPB is authorized to exercise minimum control of "program content or other activities" of local stations. The CPB is prohibited from owning or operating any of the primary facilities used in broadcasting. In addition, it may not produce, disseminate, or schedule programs. In 2003, Kenneth Y. Tomlinson was elected Chairman of the CPB Board of Directors. The current president and CEO of CPB is Patricia S. Harrison, appointed by the board in June 2005.

¹ For data on CPB, see [<http://www.cpb.org/about/>].

Overall, 15.6% of all public television and radio broadcasting funding comes from the federal appropriations that CPB distributes. However, among individual public broadcasting stations, the amount of federal dollars that contributes to a station's annual budget depends on whether it is a television or radio station, the funds it receives from non-federal sources, the number and extent of broadcast transmitters required to service its coverage area, and the extent a station is serving rural areas and minority audiences.

Public Television: PBS

The PBS was created by the CPB in 1969 to operate and manage a nationwide (now satellite) program distribution system interconnecting all the local public television stations, and providing a distribution channel for national programs to those public television stations. Although the 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 them through its satellite program distribution system. The current president and CEO of PBS is Pat Mitchell, appointed by the PBS board in March 2000. Mitchell announced earlier this year that she will resign in June 2006.

Public Radio: NPR and PRI

For radio, a different division of responsibilities was established. The CPB created 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, with regional "up-links" available across the nation for public radio stations and other producers to distribute their programs. The public radio satellite system is governed by elected representatives of the entire community of public radio stations, both those which are members of National Public Radio, and those which are not. Public Radio International (PRI) was created by a consortium of individual public radio stations to act as another distributor of public radio content, in competition with National Public Radio and other existing distributors. Kevin Klose, former director of the U.S. International Broadcasting Bureau, the government's non-military worldwide radio and television network, is president and CEO of NPR. He was appointed by the NPR board in 1998. Stephen Salyer is President and CEO of PRI. He was appointed by the PRI board in 1988. Salyer recently announced that he will resign in the fall of 2005.

Federal Funding

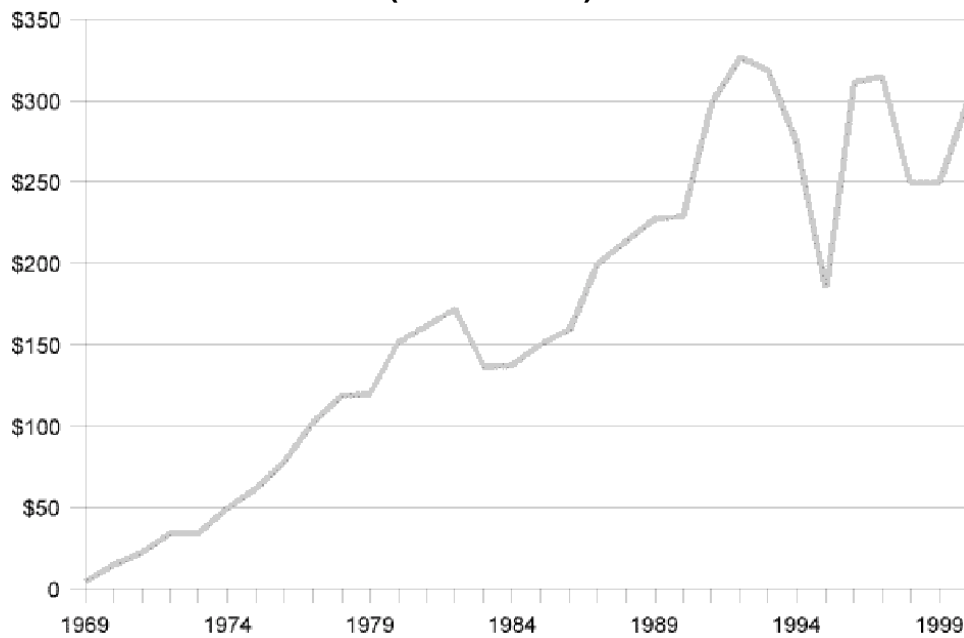
Public broadcasting reported total income of \$2.3 billion in FY2003 (the most recent data available). The federal contribution made up 15.6% of the system's total income. The remaining 84.4% was raised from non-federal sources (including individuals, businesses, foundations, state and local governments, and educational institutions). The largest single income source (26% in FY2003) came from membership. Neither PBS nor NPR receives grants from the CPB for their general operations; only local public broadcasting stations receive these generally-unrestricted funds directly.²

² [<http://www.cpb.org/tv/funding>].

The CPB received its first federal funding in FY1969 and continued to receive annual authorizations and appropriations until FY1975, when the Public Broadcasting Financing Act of 1975 (P.L. 94-192) established authorization for long-term financing. The 1975 Act authorized funding for public broadcasting over a period of five years. Advanced funding from Congress now sets actual appropriations two years in advance of stations' receiving their funds from the CPB. The CPB was last reauthorized by Congress in 1992 (P.L. 102-356).

The CPB's appropriation is allocated through a distribution formula established in its authorizing legislation. The uses of the CPB's funds are broken down into four categories: grants to stations; grants for programming; system support; and administrative operations. Approximately 89% of the funding the CPB receives from the federal government is required to be disbursed in the first two categories, either to public television and radio, broadcasting stations, or to the producers and distributors of public radio and television programs. Of that amount, about 18% is allocated for grants to program producers, and about 5% is allocated for grants to public radio stations that are restricted in use to production or acquisition of national programs. Almost two-thirds of the total appropriation is allocated for largely unrestricted grants to public television and radio broadcasting stations. No more than 5% of the total appropriation may be used for CPB's administrative expenses. The remaining percentage of funds is set aside by the CPB for general system-wide needs that individual stations would have difficulty funding. A history of appropriations to the CPB is presented in **Figure 1** below; the more recent history of appropriations is in **Table 1**.

**Figure 1. CPB Federal Appropriations Trend Line FY1969-2000
(\$ in millions)**



Source: Compiled by the Congressional Research Service from the Corporation for Public Broadcasting and The Budget of the U.S. Government, Fiscal Year 2006.

Table 1. CPB Federal Appropriations, FY2001-FY2007
(\$ in millions)

Fiscal Year	Administration Request	House Allowance	Senate Allowance	Final Appropriation
2001	\$340	\$340	\$340	\$340
2002	\$350	\$340	\$350	\$350
2003	\$365	\$365	\$365	\$362.8
2004	a	\$365	\$395	\$377.8
2005	a	\$380	\$395	\$386.8 ^b
2006	a	\$400	\$400	\$400
2007	a	\$400	\$400	\$400
2008	a	—	—	—

- a. The Bush Administration has requested that the two-year advanced appropriations funding for CPB end, and therefore has not requested advanced appropriations since 2004.
- b. The FY2005 appropriations included a 0.80% rescission for all federal appropriations; CPB's original advance appropriation was \$390 million.

Congressional Actions

Congressional policymakers are currently addressing the FY2006 federal appropriations for CPB, as well as the future of federal funding for public broadcasting. On June 9, 2005, the subcommittee on Labor, Health and Human Services, Education and Related Agencies of the House Appropriations Committee voted to reduce CPB's FY2006 appropriations (which had been passed as part of the FY2004 appropriations) from \$400 million to \$300 million. In addition, the subcommittee voted to end all federal appropriations for CPB in FY2008 (Labor, Health and Human Services, Education and Related Agencies FY2006 Appropriations, H.R. 3010).

On June 16, 2005, the full House Appropriations Committee voted to restore \$400 million in federal funding for CPB in FY2008; it also approved funding of \$300 million for FY2006. (H.Rept. 109-143) On June 23, the full House considered H.R. 3010 and approved an amendment to provide \$400 million to CPB for FY2006. On June 24, the House passed H.R. 3010, 205-151, and referred the bill to the Senate. In addition, for FY2006, the House appropriators stated that funding for this conversion must come out of the CPB's existing budget.

On July 11, the subcommittee on Labor, Health and Human Service, Education and Related Agencies of the Senate Appropriations Committee held hearings on the CPB appropriations, administration and political bias in broadcasting. On July 14, the Senate Appropriations Committee reported out the FY2006 Labor, Health and Human Services, Education and Related Agencies appropriations bill for FY2006 (S.Rept. 109-103 to accompany H.R. 3010). The committee approved \$400 million for CPB in FY2008; it also approved funding in FY2006 for digital broadcasting, upgrade of the current interconnection system, as well as encouraging additional activities of CPB, all of which would come out of the FY2006 CPB budget. The full Senate will next take up the CPB appropriations bill.