



## **CRS Report for Congress**

# **The Corporation for Public Broadcasting: Federal Funding Facts and Status**

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### **Summary**

On February 6, 2008, President Bush released his FY2009 federal budget request. In this request, he called for a \$200 million rescission to the Corporation for Public Broadcasting (CPB) for FY2009, and an end to the advanced appropriations that CPB has received since its inception. The CPB resides in the Labor-Health and Human Services-Education appropriations bill; congressional policymakers are currently considering the FY2009 bill including the funding for CPB.

The CPB receives 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. The CPB's appropriation is allocated through a distribution formula established in its authorizing legislation. It has historically received two-year advanced appropriations. This report addresses the components of federal support for public broadcasting, as well as briefly describing those issues facing public television and public radio. 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.<sup>1</sup>

## **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 November 2005, Kenneth Y. Tomlinson, Chairman of the CPB Board of Directors, resigned shortly before a CPB Inspector General's report was released, critical of his use of CPB contract money. The current president and CEO of CPB is Patricia S. Harrison, appointed by the board in June 2005.

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

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

distributes them through its satellite program distribution system. The current president and CEO of PBS is Mary Anne Alhadeff, who succeeded Pat Mitchell in 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. Alisa Miller is President and CEO of PRI; she was appointed to both positions in 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.<sup>2</sup>

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).

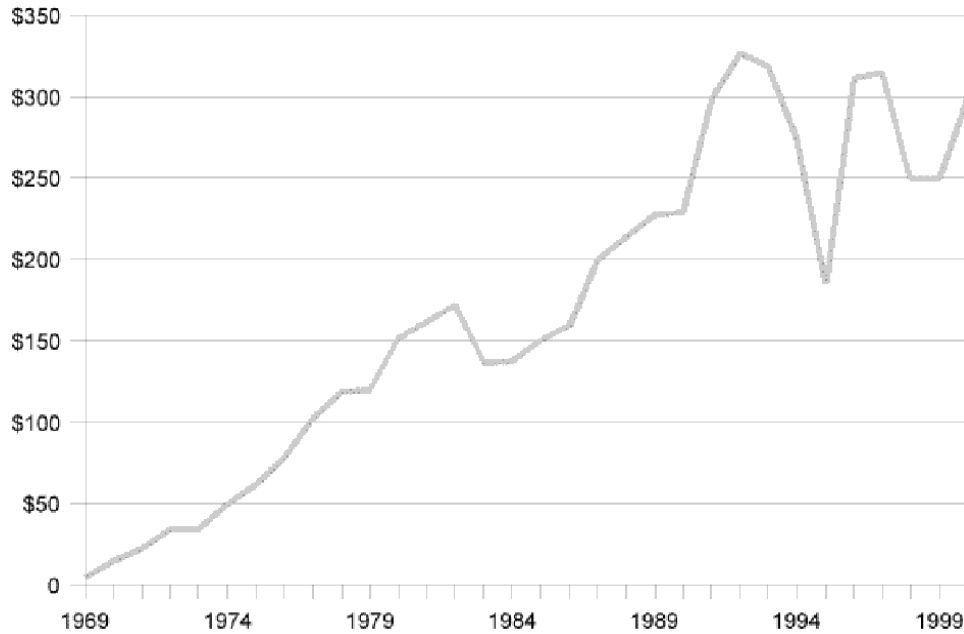
The CPB’s appropriation is allocated through a distribution formula established in its authorizing legislation. The uses of the CPB’s funds are broken down into four categories: grants to stations; grants for programming; system support; and administrative operations. Approximately 89% of the funding 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

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<sup>2</sup> [<http://www.cpb.org/tv/funding>].

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-FY2009**  
(\$ 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	<sup>a</sup>	\$365	\$395	\$377.8
2005	<sup>a</sup>	\$380	\$395	\$386.8 <sup>b</sup>
2006	<sup>a</sup>	\$400	\$400	\$396 <sup>c</sup>
2007	<sup>a</sup>	\$400	\$400	\$400
2008	<sup>a</sup>	\$400	\$400	\$400 <sup>e</sup>
2009	<sup>a</sup>	<sup>d</sup>	<sup>d</sup>	<sup>d</sup>

- 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.
- c. The FY2006 appropriations includes a 0.28% rescission for all federal appropriations. The original appropriation for CPB in FY2006 was \$400 million.
- d. The continuing resolution for FY2007 appropriations sustained the advanced appropriations for CPB at \$400 million.
- e. The Bush Administration has requested a rescission for CPB's FY2007 appropriations, to \$350 million.

## Congressional Actions

Congressional policymakers provided \$400 million in advanced appropriations for CPB in FY2008, and retained the \$400 million already passed two years ago for CPB in FY2006 (P.L. 109-149). There was, however, a 1% rescission for all federal funding put into place for that fiscal year, resulting in an appropriations level of \$396 million.<sup>3</sup> For FY2007, Congress passed a continuing resolution that sustains federal funding through September 30, 2006 (P.L. 110-5); CPB will receive \$400 million. For its FY2007 budget request, the Bush Administration requested that the advanced federal appropriations for FY2008 be amended to include a rescission of \$50 million, reducing the appropriations to \$350 million. The Administration also asked that advanced appropriations for CPB end in FY2009.

Over the last several years, the Bush Administration also requested that up some funding from CPB's enacted appropriations be made available for digital conversion grants to public television broadcasters. Also, the Administration asked that CPB funding

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<sup>3</sup> The actual application of this reduction to individual accounts and line items was determined by the Office of Management and Budget (OMB) and the individual agencies. See also CRS Report RL32952, *Labor, Health and Human Services, and Education: FY2007 Appropriations*, by Paul M. Irwin.

be made available in to upgrade and complete the national interconnection system, which is the national distribution network of public broadcasting stations.

## Film Controversy and PBS

A development that has affected CPB indirectly and PBS directly has been public attention to Public Broadcasting's support of the Sundance Film Festival. At the January 2007 festival, much media attention was directed towards several controversial films, particularly *Hound dog*, starring 13-year old actress Dakota Fanning, who is assaulted in the movie. One group, the American Family Association (AFA), noted on its website that these controversial films were being funded with PBS' taxpayer money<sup>4</sup>. The AFA initiated a campaign for its members to write to Members of Congress to protest PBS' involvement at Sundance.

In response, PBS released information on its participation in the Sundance Film Festival. According to PBS, it participates in this festival because it considers it as one of the highest profile showcases of documentary films in the United States. PBS contends that it has no control or influence over films the Sundance Film Festival accepts. In 2007, PBS provided \$40,000 to sponsor events at the Filmmaker Lodge, a venue for educational panels on film making, film distribution, and other industry issues. PBS executives participated on panels at the Filmmaker Lodge to discuss film making and distribution of documentaries and to highlight PBS films and film makers accepted at the festival. No PBS sponsorship funds have been used to support a specific non-PBS film. In addition, the PBS funds used at the festival come from member station dues, not federally appropriated money.<sup>5</sup>

In May 2007, another broadcasting controversy occurred when PBS decided not to nationally distribute a documentary entitled "Islam vs. Islamists: Voices From the Muslim Center." The 52 minute film contends that, among other issues, moderate Muslims are being intimidated by radical Islamists in several Western nations, including the United States. The film's producers claimed that PBS and the station that produced the film bowed to pressure from conservative American Muslims by pressuring PBS not to distribute the film nationally. Eight Members of Congress reportedly responded by letter demanding that CPB ask PBS to release the film or find another avenue for distribution. In response, CPB released the film to Oregon Public Broadcasting, which will distribute it to other public broadcast stations in the country. This will likely result in fewer stations airing the film than if otherwise distributed through PBS. Observers are concerned that CPB has contradicted its original mandate of 1967 to buffer public broadcasting and its stations from political pressure.<sup>6</sup>

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<sup>4</sup> See [<http://www.afa.net/about.asp>]. According to its website: "The American Family Association represents and stands for traditional family values, focusing primarily on the influence of television and other media — including pornography — on our society."

<sup>5</sup> Communication from PBS Public Affairs Office, February 9, 2007.

<sup>6</sup> As reported by Paul Farhi, "Rejected by PBS, Film on Islam Revived by CPB," *The Washington Post*, May 25, 2007. p. C1.