



The Corporation for Public Broadcasting: Federal Funding and Issues

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Summary

Corporation for Public Broadcasting 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 appropriation. For FY2010, the CPB appropriation is \$420 million, and for FY2011 it will be \$430 million (passed as a part of the FY2008 and FY2009 appropriation bills, respectively). The Obama Administration has requested \$440 million for the current appropriations request now being considered by Congress (for FY2012). 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.

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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 the National Public Radio (NPR), created in 1970 by CPB, and the Public Radio International (PRI).

The number of radio and television public broadcasting stations supported by CPB increased from 270 in 1969 to 1,050 in 2009,¹ of which 356 are television stations. Public broadcasting stations are mostly 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 Dr. Ernest Wilson III, elected by the board of directors in September 2009. 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, including the matching funds received from non-federal 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 non-federal 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.

¹ <http://www.cpb.org/aboutpb/faq/stations.html>

² <http://www.cpb.org/stations/reports/revenue/2007PublicBroadcastingRevenue.pdf>

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. 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. Vivian Schiller became the current president and CEO of NPR in January 2009.

Federal Funding

The Obama Administration requested a \$440 million appropriation for CPB for FY2010. The House agreed to this figure, while the Senate Committee on Appropriations raised the amount to \$450 million. Both the House bill and the Senate committee reported bill include provisions to assist public broadcasters affected by the recent economic downturn and to provide assistance for digital conversion.

Since CPB has a two-year advanced appropriation, both the FY2010 and FY2011 appropriations for CPB have already been approved (in FY2008 and FY2009, respectively). For FY2010, the CPB will receive \$420 million, and for FY2011 it will receive \$430 million.

Over the last several years, the Bush Administration had requested that the advanced appropriations for CPB end. Congress did not support this request. The Bush Administration did request that some funding from CPB's enacted appropriations be made available for digital conversion grants to public television broadcasters, to which Congress agreed. Also, the Bush Administration asked that CPB funding be made available to upgrade and complete the national interconnection system, which is the national distribution network of public broadcasting stations. This was also supported in previous appropriations bills.

From the last year of available information, public broadcasting reported total income of \$2.9 million in FY2007.³ The federal contribution made up 13.7% of the system's total income. The remaining 86.3% was raised from non-federal sources (including individuals, businesses,

³ <http://www.cpb.org/stations/reports/revenue/2007PublicBroadcastingRevenue.pdf>

foundations, state and local governments, and educational institutions). The largest single income source (24.4% in FY2007) 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.

A history of CPB appropriations from FY2001 is presented in **Table 1**.

Table 1. CPB Federal Appropriations FY2001- FY2011
(\$ in millions)

Fiscal Year	Administration Request	House Appropriation	Senate Appropriation	Final Appropriation
2001	\$340	\$340	\$340	\$340
2002	\$350	\$340	\$350	\$350
2003	\$365	\$365	\$365	\$362.8
2004	\$0 ^a	\$365	\$395	\$377.8
2005	\$0 ^a	\$380	\$395	\$386.8 ^b
2006	\$0 ^a	\$400	\$400	\$396 ^c
2007	\$0 ^{a e}	\$400	\$400	\$400
2008	\$0 ^{a e}	\$400	\$400	\$393 ^d
2009	^{a e}	None	\$400	\$400
2010	^{a e}	\$420	\$420	\$420
2011	^a	\$430	\$430	\$430

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

- a. The Bush Administration requested that the two-year advanced appropriations funding for CPB end, and therefore did not request advanced appropriations after 2004.
- b. FY2005 final appropriation (\$390 million) includes a 0.80% rescission for all federal appropriations (P.L. 108-447).
- c. FY2006 final appropriation (\$400 million) includes a 1% rescission for all federal appropriations (P.L. 109-148).
- d. FY2008 final appropriation (\$400 million) includes a 1.747% rescission for all federal appropriations (P.L. 110-161).
- e. The President's FY2007 budget recommended a \$53.5 million rescission from CPB's FY2007 advance appropriation, a \$50 million rescission from CPB's 2008 advance appropriation, a \$200 million rescission from CPB's 2009 advance appropriation, and a \$220 million rescission from CPB's 2010 advance appropriation.

Issues

In an age of multiple cable channel options, digital radio, and computerized digital streaming, many ask whether there is a need for a federally supported national broadcasting system. 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. 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.

For example, many public radio stations now stream their shows over the Internet, either live or on delay. Federal communications law states artists receive royalties for these Internet-streamed, or “webcast,” programs from broadcasters,⁴ but to date artists do not receive royalties for performances played on AM and FM radio. Many public radio stations that also webcast—particularly those at colleges and universities—contend that they could not afford to make the digital royalty payments as commercial broadcasters, as required.

To avoid continued questions regarding webcasting of public broadcasting, or even the cessation of this part of public broadcasting, CPB and SoundExchange⁵ came to an agreement in August 2009 that will cover royalties from 2012 through 2015 for NPR member stations, NPR itself, National Federation of Community broadcasters member stations, Public Radio International, American Public Media, Public Radio Exchange and certain CPB-qualified stations. The CPB will pay the royalties out of a system support fund, which is set at 6% of its federal appropriations.⁶

The agreement will provide public broadcasters an avenue to continue a wide range of broadcasting. However, some public broadcast supporters are concerned that this has opened up a precedent for royalty payments by public broadcast stations, which state they already have significant financial obligations; other industry observers contend that public broadcasters must address the same issues that commercial digital broadcasters are facing in the 21st century.

Another issue is multiple ownership of public media outlets in competitive markets. The issue now before the Federal Communications Commission (FCC) involves the attempt of the WGBH Education Foundation—operator of WGBH-TV, the highly successful Boston-based public service broadcaster—to purchase the commercial radio station WCRB-FM.

The WGBH Education Foundation is the top-ranked member of the Public Broadcasting Service in New England and produces about one-third of PBS’s programming. It operates a second Boston television station, and one in Springfield, MA. In addition it operates four FM radio stations in eastern Massachusetts, and is a member of National Public Radio and Public Radio International. It operates two commercial subsidiaries involved in music rights and motion picture production. The purchase of WCRB-FM, a classical music station that serves the Boston area, would allow WGBH to potentially alter its format to compete more directly with WBUR-FM, the leading public radio station in Boston that is operated by Boston University.⁷

⁴ See CRS Report RL34411, *Expanding the Scope of the Public Performance Right for Sound Recordings: A Legal Analysis of the Performance Rights Act (H.R. 848 and S. 379)*, by Brian T. Yeh. Historically, artists do not receive royalty payments for performances on AM and FM radio; the publishers of songs and performances receive a royalty rate.

⁵ SoundExchange is a non-profit performance rights organization that collects royalties on behalf of sound recording owners (e.g., record companies) and recording artists for non-interactive digital transmissions including satellite and digital radio broadcasters.

⁶ *SoundExchange, CPB Reach Agreement Through 2015*, Public Broadcasting Report, Aug. 14, 2009. p.2.

⁷ Information on WGBH is available at <http://www.wgbh.org/>.

Some contend that if WGBH were a commercial broadcaster, it would have far too much control of a local broadcast area and that the concentration would harm competition. In deciding whether to permit the purchase, the FCC faces consideration of whether the expansion of the public broadcaster harms competitors and plurality and diversity. It may also impact other public broadcasters in highly concentrated media outlets, where some commercial broadcasters face declining revenue streams and thin profit margins. The FCC decision is expected by the end of the calendar year.

Finally, Congress has recognized that, in a sharp economic downturn such as that experienced in the United States since 2007, public broadcasters may not be receiving the amount of private membership and foundation support they have received in the past. In the version of H.R. 3293 as passed by the House, \$40 million of the CPB appropriations for FY2010 is directed for “fiscal stabilization grants to public radio and television stations, which have negatively been impacted by the economic downturn.” In the version of H.R. 3293 reported out of the Senate Appropriations Committee, similar language provides \$10 million for these types of grants.

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