



The Corporation for Public Broadcasting: Federal Funding and Issues

Glenn J. McLoughlin
Section Research Manager

Mark Gurevitz
Information Research Specialist

October 26, 2010

Congressional Research Service

7-5700

www.crs.gov

RS22168

CRS Report for Congress
Prepared for Members and Committees of Congress

011173008

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. For FY2011, the CPB appropriation is \$430 million, and for FY2012 it will be \$445 million (passed as a part of the FY2009 and FY2010 appropriation bills, respectively). The Obama Administration has requested \$460 million for the F2011 appropriations request (but which would go into effect in FY2013).

On Wednesday, October 20, 2010, Juan Williams, a reporter for National Public Radio (NPR), was fired for comments he made on the Fox News Channel regarding Muslims. Since that incident, some have questioned the process and fairness of this firing, which in turn has raised questions about any federal funding that supports NPR policies and programs. Beyond that issue, 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.

Contents

Background	1
Corporation for Public Broadcasting	1
Public Television: PBS.....	2
Public Radio: NPR and PRI	2
Federal Funding	3
Issues.....	6

Tables

Table 1. CPB Federal Appropriations	4
---	---

Contacts

Author Contact Information	7
----------------------------------	---

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 1,050 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. 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.

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

On October 20, 2010, Juan Williams, a reporter for NPR, was fired by NPR President Vivian Schiller for comments Mr. Williams made on the Fox News Channel. 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, Ms. Schiller stated that she failed to both properly inform Mr. Williams and NPR staff of the move. However, Ms. Schiller also stated that Mr. Williams' comment was just the most recent in a series of objectionable remarks Mr. Williams has made while offering commentary on Fox News.⁴ Almost immediately, there was a strong reaction from some 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.

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

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 Mark Memmott and David Folkenflik, *NPR CEO Apologizes for Handling of Williams' Termination*, NPR, Washington, DC, October 25, 2010, 5 pages, <http://www.npr.org/blogs/thetwo-way/2010/10/25/130805049>.

Foundation receives from federal sources. In both FY2009 and FY2010, while CPB distributed grant money to over 600 public radio stations, NPR also directly received \$8 million designated for “special projects” (\$3.9 million in FY2009 and \$4.1 million in FY2010).⁵ In addition, there appears to be at least another source of federal funding for NPR. The NPR Foundation, which oversees the NPR system, states that annually NPR receives direct funding in the range of \$1.5 million to \$3 million from three federal agencies and CPB, and that this funding accounts for less than 2% of its annual budget. In FY2009 the NPR Foundation received \$1.6 million and in FY2010, \$2.5 million. The sources of this funding are the National Endowment of the Arts, CPB, the Department of Commerce’s National Telecommunications and Information Administration, and the Department of Education.⁶

Federal Funding

The Obama Administration requested a \$460 million appropriation for CPB in its FY2011 budget request (which would be implemented in FY2013). The vehicle that is used to provide appropriations to the CPB is the Departments of Labor-Health and Human Services-Education bill. For FY2011, S. 3686 has been reported out of the Senate Appropriations Committee (S.Rept. 111-243, July 29, 2010). In this bill, the Senate committee agreed with President Obama’s request for \$460 million for FY2013. No further action in either the House or Senate has been taken on this bill to date. On September 30, 2010, Congress passed a Continuing Appropriations bill to extend federal funding for all programs through December 3, 2010.

Since CPB has a two-year advanced appropriation, both the FY2011 and FY2012 appropriations for CPB have already been approved (in FY2009 and FY2010, respectively). For FY2011, the CPB will receive \$430 million, and for FY2012 it will receive \$445 million.

From 2001-2008, the Bush Administration had requested that the advanced appropriations for CPB end. Congress did not support this request. The Bush Administration also requested that some funding from CPB’s enacted appropriations be made available for digital conversion grants to public television broadcasters, to which Congress agreed. Since 2009, the Obama Administration has proposed and supported increased funding for CPB through the two-year advanced appropriations.

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 \$2.85 billion in FY2008.⁷ According to the CPB, for public broadcasting revenue by source, CPB funds made up 13.8% of the total; another 2.6% came from federal grants and contracts. The remaining 83.6% was raised from non-federal sources (including individuals, businesses, foundations, state and local governments, and educational institutions). The largest single income source (24.6% in FY2008) came from membership.

⁵ Also described by NPR as “occasional projects.” It appears that these are content and broadcasting projects that will be made for distribution to public radio stations. Telephone Conversation, Office of Congressional Affairs, Corporation for Public Broadcasting, October 21, 2010.

⁶ Personal Communication, Anna Christopher, Communications Office, NPR, October 26, 2010.

⁷ <http://www.cpb.org/stations/reports/revenue/2008PublicBroadcastingRevenue.pdf>

Of the majority of federal appropriations which go through CPB to the individual public radio and television stations; only local public broadcasting stations receive these generally unrestricted federal funds directly. For NPR-affiliated stations, the amount of grants awarded by CPB totaled \$62.3 million in FY2009 and \$65 million in FY2010. 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 Foundation.

For some, the Juan Williams firing highlighted the issue of funding that the NPR receives from federal sources. As stated above, public radio stations which make up the NPR network can apply for CPB grants, and the amount of these grants totaled \$62.3 million in FY2009 and \$65 million in FY2010. Within these two amounts, \$8 million was provided directly to the NPR Foundation for “special projects” (\$3.9 million in FY2009 and \$4.1 million in FY2010). In addition, between \$1.5 million and \$3 million has been provided directly to the NPR Foundation on an annual basis (\$1.6 million in FY2009 and \$2.5 million in FY2010). Some contend that because public radio stations also pay licensing fees to NPR for content and programming, and that many public radio stations are receiving CPB grants, that this may also be an indirect federal revenue stream to NPR.

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

Fiscal Year	Administration Request	House Appropriation	Senate Appropriation	Final Appropriation
1985	\$85	\$130	\$130	\$150.5
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	\$430
2012	\$440	\$440	\$450	\$445
2013	\$460	—	—	—

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.

Issues

In an age of multiple cable channel options, digital radio, and computerized digital streaming, some 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.

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 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.

Among the more significant issues facing policymakers may be 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. While most federal appropriations go through CPB to support member stations of NPR, PRI, PBS, and a small number of independent affiliates, the handling of the Juan Williams firing from NPR has raised concerns of the federal role in public broadcasting. 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. But others contend that the relatively small amount of money that is allocated to NPR functions is proof that NPR can provide operational support without any federal role. Independent of the recent controversy 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. Whether the firing of Mr. Williams from NPR will substantively or permanently change this support is unclear.

The issue of federal support for public broadcasting may be addressed during the “lame duck” session of the 111th Congress, as well as into the 112th Congress.

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