

## **AMENDMENT 222 – SAVE TAXPAYERS \$550 MILLION BY ELIMINATING TAXPAYER SUBSIDIES FOR POLITICALLY CHARGED MEDIA.**

FUNDING FOR PUBLIC BROADCASTING HAS INCREASED

NON-PROFIT & GOVERNMENT ENTITY?

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COMPETITION IN THE MEDIA MARKETPLACE

TAXPAYERS SHOULD NOT HAVE TO FUND POLITICALLY-CHARGED MEDIA

This amendment would eliminate the Corporation for Public Broadcasting (CPB) in for FY13 because Congress has already appropriated funds for FY12. Additionally, given the recent comments by former NPR Vice President for Fundraising, Ron Schiller, that NPR would be better off in the long without federal funding, this amendment would rescind \$100 million in CPB funds for FY12 – the approximate appropriation for NPR.

FUNDING FOR PUBLIC BROADCASTING HAS INCREASED

CPB is the largest single source of funding for public media. PBS was created by CPB in 1969 and NPR was created in 1970 by the CPB. The 1,050 public broadcasting stations in America are mostly run by universities, non-profit community associations, state government agencies, and local school boards.<sup>1</sup>

CPB's primary job is to "receive and distribute" federal appropriations to fund national programs and public radio and television stations. Most of this funding is in the form of Community Service Grants (CSG's). CPB's direct funding levels are projected to increase from \$420 million this year, to \$445 million in FY2012. President Obama suggested increasing the

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<sup>1</sup> <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS22168&Source=search>

FY2013 level to \$460 million – a 5.7 percent increase. President Bush consistently recommended terminating CPB funding. The Current funding level is the highest it has ever been. Over the last 20 years, annual appropriations have been as low as \$250 million (FY98 & FY99).<sup>2</sup> CPB also receives funding to administer digital conversions (around \$35 million per year) and a “Ready To Learn Grant” from the Department of Education (around \$30 million as well).<sup>3</sup>

NPR claims only 2 percent of its funding comes from the federal government, but this statistic is misleading. For example, 41 percent of NPR funding comes from member station dues and fees it collects,<sup>4</sup> but many of these stations themselves receive federal funding from CBP. CBP funds more than \$90 million in grants to NPR and its member stations.<sup>5</sup> While most of these grants are awarded to its member stations, NPR receives 41 percent of its funding from its member stations. In other words, NPR is receiving indirect subsidies from the federal government through its member stations.

Additionally, its member stations receive 13.6 percent of their funding from universities, most of which benefit from generous federal subsidies as well. NPR also received \$8 million in direct subsidies over the last two years from the National Endowment of Arts (NEA),<sup>6</sup> which received \$168 million last year,<sup>7</sup> and has also received funding from the Department of Commerce and the Department of Education. In total, its member stations received \$65 million in direct appropriations last year.<sup>8</sup>

PBS is similar to NPR in that while it is primarily funded through member station fees (\$200 million or 40 percent) and corporate and individual donations (\$228.6 million or 45 percent), it also receives considerable direct and indirect federal appropriations from CPB (\$53 million or 10.5 percent) and through member stations that also receive direct CPB grants.<sup>9</sup>

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<sup>2</sup> <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS22168&Source=search>

<sup>3</sup> E-mail from CPB Congressional Liaison, November 4, 2010

<sup>4</sup> <http://www.washingtontimes.com/news/2010/oct/22/gop-puts-npr-chopping-block/?page=1>

<sup>5</sup> <http://voices.washingtonpost.com/blog-post/2010/10/defund-npr-radio-whos-funding.html>

<sup>6</sup> <http://www.nea.gov/Grants/recent/10grants/artv10.php>

<sup>7</sup> [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_reports&docid=f:hr316.111.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_reports&docid=f:hr316.111.pdf)

<sup>8</sup> <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS22168&Source=search>

<sup>9</sup> [http://www.pbs.org/about/media/about/cms\\_page\\_media/29/FinancialHighlights2009forWebv8.pdf](http://www.pbs.org/about/media/about/cms_page_media/29/FinancialHighlights2009forWebv8.pdf)

Public Radio International (PRI) was founded in 1983 to provide some competition and alternative public radio offerings to American listeners.<sup>10</sup> Like NPR, PRI is a public radio producer-distributor which broadcasts programs including *BBC World Service*, *PRI's The World*, *Bob Edwards Weekend* and *This American Life*). PRI in FY09 was directly awarded a total of \$1,603,124 in CPB discretionary funding.<sup>11</sup> Additional CPB awards grant funding to public radio stations to purchases programming from NPR and PRI.

In total, around 15 percent of all public media funding comes from CPB appropriations. Over the last ten years, more than \$4 billion in federal funds have been appropriated on public radio and television.<sup>12</sup> Most of the funding is appropriated in the L-HHS appropriations bill for CPB. However, CPB, PBS, and NPR stations also receive funding from various other federal appropriation budgets, including the Department of Education.<sup>13</sup> PRI stations have also received funding from the National Science Foundation.<sup>14</sup>

For example, on October 15, 2010, CPB and PBS received a “Ready-to-Learn” grant of nearly \$72 million from the Department’s Office of Innovation and Improvement to “fund research, development, and deployment of transmedia content to improve the math and literacy skills of children ages 2-8.”<sup>15</sup>

Including non-CPB funding, from the total U.S. public broadcasting system income of \$2.85 billion, 83.6 percent came from non-federal sources (including entities such as universities that receive direct federal funding).<sup>16</sup>

## NON-PROFIT & GOVERNMENT ENTITY?

CPB is defined as a “private, nonprofit corporation,”<sup>17</sup> even though it is entirely funded through the federal appropriations process.<sup>18</sup> CPB’s President and CEO, Patricia Harrison, was paid \$298,884 in 2009.<sup>19</sup>

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<sup>10</sup> <http://www.pri.org/pri-facts.html>

<sup>11</sup> E-mail from CPB Congressional Liaison, November 5, 2010

<sup>12</sup> <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS22168&Source=search>

<sup>13</sup> <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS22168&Source=search>

<sup>14</sup> According to a search on [www.USAspending.gov](http://www.USAspending.gov), over the last ten years, \$3.9 million in grants through the National Science Foundation, the National Endowment for the Arts, and the National Endowment for the Humanities have been awarded to PRI

<sup>15</sup> <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS22168&Source=search>

<sup>16</sup> <http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS22168&Source=search>

According to NPR, it is also a not-for-profit corporation<sup>20</sup> and CPB claims NPR is a “private, non-profit media enterprise ... funded by member stations.”<sup>21</sup> The current CEO of NPR who fired Juan Williams, Vivian Schiller, is paid an annual salary of \$450,000.<sup>22</sup> Her predecessor, Kenneth Stern, was paid \$1.319 million in 2008,<sup>23</sup> including a buyout sum of around \$900,000.<sup>24</sup>

PBS is also defined as a “private, non-profit media enterprise owned and operated by member stations.”<sup>25</sup> Paula Kerger, President and CEO of PBS was paid a salary of \$430,810 in 2009.<sup>26</sup>

Public Radio International (PRI) was founded in 1983 as another non-profit corporation to compete with NPR for distributing public radio content. While these public broadcasting entities claim to be private non-profits and receive most of their funding from non-federal sources, more than 15 percent of their funding comes through the federal government and they benefit from having a federal entity created solely to support public broadcasting.

While it may be inappropriate to prohibit any federal funds from being appropriated to public broadcasting entities, these entities should have to at least compete with other types of media or educational forms for funding.

## POLITICALLY BIASED

CPB claims that the current structure of federal funding for CPB helps insulate it from politically motivated interference with programming.<sup>27</sup> While CPB may have not experienced a great degree of political interference, the public broadcasting community is known by many Americans for its liberal tendencies and is not considered objective or balanced.

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<sup>17</sup> <http://www.cpb.org/aboutcpb/goals/goalsandobjectives/>

<sup>18</sup> E-mail from CPB Congressional Liaison, November 4, 2010

<sup>19</sup> E-mail from Congressional Research Service November 4, 2010

<sup>20</sup> [http://www.npr.org/about/aboutnpr/statements/fy2009/2009\\_LA\\_NPR\\_Cons.pdf](http://www.npr.org/about/aboutnpr/statements/fy2009/2009_LA_NPR_Cons.pdf)

<sup>21</sup> <http://www.cpb.org/aboutpb/faq/cpbpbsnpr.html>

<sup>22</sup> E-mail from Congressional Research Service November 3, 2010

<sup>23</sup> [http://www.npr.org/about/aboutnpr/statements/fy2008/fy08\\_NPR\\_Inc\\_990.pdf](http://www.npr.org/about/aboutnpr/statements/fy2008/fy08_NPR_Inc_990.pdf)

<sup>24</sup> <http://www.npr.org/templates/story/story.php?storyId=111873596>

<sup>25</sup> <http://www.cpb.org/aboutpb/faq/cpbpbsnpr.html>

<sup>26</sup> E-mail from Congressional Research Service November 4, 2010

<sup>27</sup> <http://www.cpb.org/aboutcpb/financials/appropriation/>

While the controversy surrounding the firing of political commentator, Juan Williams, has been profiled extensively,<sup>28</sup> there have been numerous other incidents that have questioned the objectivity of NPR.

CBP's former chairman, Kenneth Tomlinson, in an editorial recalls that he was literally told by public broadcasters that they needed to be funded to "balance" out private media conservative talk show hosts.<sup>29</sup>

Ironically, Mr. Tomlinson during his time as chairman attempted to counter what he perceived to be a liberal bias in public television by ensuring programming was offered by PBS to counter a liberal political news commentator program. The program's host not only worked for a Democratic president, but was known for making statements such as that the Bush Administration was "united behind a right-wing agenda" that included "the power of the state to force pregnant women to give up control over their own lives."<sup>30</sup> Mr. Tomlinson's efforts led to his dismissal.<sup>31</sup> The recent comments made by NPR's Vice President for Fundraising that label "Tea Party people" as "seriously racist, racist people,"<sup>32</sup> among others further engraved in the public's mind the deep-rooted bias within NPR.

While there are hundreds of similar stories of bias in public radio and television, the goal of Congress or CPB chairmen should not be to ensure 100 percent objectivity of all content aired on public media. Instead, Congress should just let NPR, PBS and similar entities be run by the people that listen to and appreciate and support them.

## BETTER OFF IN THE LONG RUN

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<sup>28</sup> Mr. Williams was fired because of comments he made on October 18, 2010 on a TV show for stating: "I mean, look, Bill, I'm not a bigot. You know the kind of books I've written about the civil rights movement in this country. But when I get on the plane, I got to tell you, if I see people who are in Muslim garb and I think, you know, they are identifying themselves first and foremost as Muslims, I get worried. I get nervous." NPR released a statement saying that Williams' remarks were "inconsistent" with the organization's "editorial standards and practices, and undermined his credibility as a news analyst with NPR."

<sup>29</sup> <http://www.washingtonexaminer.com/opinion/columns/OpEd-Contributor/Kenneth-Tomlinson-Why-Congress-must-defund-public-broadcasting-105564033.html>

<sup>30</sup> Labaton, Stephen, and Manly, Lorne, and Jensen, Elizabeth, "Republican Chairman Exerts Pressure on PBS, Alleging Biases," May 2, 2005, New York Times, [http://www.nytimes.com/2005/05/02/arts/television/02public.html?\\_r=2&ei=5094&en=1085de148e09623c&hp=&ex=1115092800&partner=homepage&pagewanted=print&position=](http://www.nytimes.com/2005/05/02/arts/television/02public.html?_r=2&ei=5094&en=1085de148e09623c&hp=&ex=1115092800&partner=homepage&pagewanted=print&position=)

<sup>31</sup> Labaton, Stephen, "Broadcast Chief Violated Laws, Inquiry Finds," November 16, 2005, New York Times, [http://www.nytimes.com/2005/11/16/politics/16broadcast.html?\\_r=1&pagewanted=print](http://www.nytimes.com/2005/11/16/politics/16broadcast.html?_r=1&pagewanted=print)

<sup>32</sup> <http://www.npr.org/2011/03/08/134371393/NPR-Exec-NPR-Would-Be-Better-Off-Without-Fed-Support>

NPR has been trending towards becoming a self-sufficient entity. In fact, NPR boasts on its Website, that “We receive no direct federal funding for operations.”<sup>33</sup> NPR also recently officially changed its name from “National Public Radio” to NPR.<sup>34</sup> While 41 percent of its funding comes from its member stations, 26 percent comes from sponsorships and individual donations such as a recent \$1.8 million donation George Soros<sup>35</sup> and millions more from major corporations such as General Motors, State Farm, and Prudential.<sup>36</sup>

For NPR member stations, private individual donations make up more than 32 percent of total revenue. Donations from businesses, universities, and foundations make up an additional 44.4 percent, while direct government subsidies only represent 5.8 percent.<sup>37</sup>

NPR has almost \$426 million in total net assets, with almost \$200 million in unrestricted net assets (i.e. these funds can be spent as NPR wishes).<sup>38</sup> In FY08, NPR ran an excess budget of more than \$77 million.<sup>39</sup> NPR also has an endowment of more than \$200 million already.<sup>40</sup> As was also recently noted, the last Vice President for fundraising at NPR admitted unknowingly to individuals who were taping their conversation that NPR “would be better of in the long run without federal funding.”<sup>41</sup>

Likewise, PBS boasts total net assets of \$279 million and only receives about ten percent of its funding from direct federal appropriations and grants.<sup>42</sup> Many member stations also have endowment funds and conduct fundraising campaigns and solicit corporate and foundation underwriting for programming.<sup>43</sup> PBS has even conducted several case studies on how corporate sponsorships of PBS events benefit sponsors, which include Volkswagen, Chik-fil-A, and CVS.<sup>44</sup>

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<sup>33</sup> <http://www.npr.org/about/aboutnpr/publicradiofinances.html>

<sup>34</sup> <http://www.washingtonpost.com/wp-dyn/content/article/2010/07/07/AR2010070704578.html>

<sup>35</sup> <http://www.washingtontimes.com/news/2010/oct/22/gop-puts-npr-chopping-block/?page=1>

<sup>36</sup> <http://www.npr.org/about/aboutnpr/annualreports/NPRsponsorsDonors08.pdf>

<sup>37</sup> <http://www.npr.org/about/aboutnpr/publicradiofinances.html>

<sup>38</sup> [http://www.npr.org/about/aboutnpr/statements/fy2009/2009\\_LA\\_NPR\\_Cons.pdf](http://www.npr.org/about/aboutnpr/statements/fy2009/2009_LA_NPR_Cons.pdf)

<sup>39</sup> <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=6637>

<sup>40</sup> <http://www.slate.com/id/2272284/pagenum/all/#p2>

<sup>41</sup> <http://www.npr.org/2011/03/08/134371393/NPR-Exec-NPR-Would-Be-Better-Off-Without-Fed-Support>

<sup>42</sup> [http://www.pbs.org/about/media/about/cms\\_page\\_media/29/FinancialHighlights2009forWebv8.pdf](http://www.pbs.org/about/media/about/cms_page_media/29/FinancialHighlights2009forWebv8.pdf)

<sup>43</sup> <http://www.pbs.org/about/support-our-mission/>

<sup>44</sup> <http://www.sgptv.org/sponsors>

CPB is instructed by law to at least appropriate 95 percent of its federal appropriation to support local television and radio stations, programming, and improvements to the public broadcasting system.<sup>45</sup> In other words, CPB exists to support public media, including PBS and CPB. CPB boasts almost \$93 million in total unrestricted net assets.<sup>46</sup> While CPB has run a deficit the last couple of years, if Congress were to enact legislation such as H.R. 5538, CPB would have two years before it would not be receiving annual appropriations and the \$93 million in unrestricted assets to close down its operations and allow public radio and television stations to adjust to not receiving federal appropriations in the future.

## COMPETITION IN THE MEDIA MARKETPLACE

Since CPB was created in 1967, America's media market has changed considerably. Consumers can choose from different media outlets and even different media portals to get their news.

The intent of federally-funded public broadcasting in the Public Broadcasting Act was to make "public telecommunications services available to all citizens of the United States."<sup>47</sup>

In 2007, the Government Accountability Office (GAO) found, "there are 349 public television stations, owned and operated by 173 licensees, which reach 98 percent of the households that have televisions."<sup>48</sup>

The Congressional Research Service (CRS) found in 2009 that 85 percent of U.S. television households subscribe to cable, satellite or similar multichannel video programming distributor (MVPD) services.<sup>49</sup> There are at least six major television news stations and numerous smaller ones (not including PBS stations). Every single global major newspaper has online content that can, for the most part, be readily accessed and gives varying perspectives. The creation of satellite radio has also enabled

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<sup>45</sup> <http://www.cpb.org/aboutpb/fag/pays.html>

<sup>46</sup> <http://www.cpb.org/annualreports/2009/images/stories/docs/CPB2009financialsFINAL.pdf>

<sup>47</sup> 47 U.S.C. 396

<sup>48</sup> <http://www.gao.gov/new.items/d07150.pdf>

<sup>49</sup> [http://assets.opencrs.com/rpts/RL34165\\_20090514.pdf](http://assets.opencrs.com/rpts/RL34165_20090514.pdf)

access to several news radio stations for thousands of Americans all over the country. While NPR and PBS (and other public broadcasting services) continue to fill a place within this compilation of various media sources, they are the only major entities that enjoy dedicated annual funding from the federal government.

At no point in our nation's history can Americans access news as easily and from as many different perspectives as today. Through the open sharing of information media organizations have been forced to become more objective and to improve their news coverage.

While PBS and NRP have benefitted from billions in federal funding, they are perfectly capable of standing on their own and enjoy considerable private demand that will enable them to continue without federal funding. In fact, PBS' current president, Paula Kerger, having completed the largest successful endowment campaign ever undertaken by a public television station in her previous position,<sup>50</sup> would seem ideally qualified to oversee a transition from federal reliance to non-federal reliance.

### **Taxpayers Should Not Have to Fund Politically-Charged Media**

While there is no doubt that NPR and its member stations and PBS and its members stations are popular with many Americans, it is also clear that NPR does not represent many American taxpayers. Just like other media outlets, these entities are perceived by various groups of Americans differently. The only difference in this case is that NPR and PBS receive considerable federal funding when one takes into account indirect subsidies.

NPR has stated that it is not reliant on federal subsidies any more, and the media market place has also demonstrated that federal taxpayer dollars are not needed to ensure adequate media coverage of news events.

The combination of these two developments should ensure that Congress can cut funding for CPB. In fact, it is likely that such a move will result in a stronger NPR and PBS that is not micromanaged by politicians and their causes and can compete with other media outlets on an equal footing.

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<sup>50</sup> <http://www.pbs.org/about/corporate-information/leadership/pbs-president/bio/>

PBS brags on its website that it brings “more local stories, independent journalism, arts and culture to Americans than any other media enterprise. In addition, PBS is closing the achievement gap in schools and changing the face of classroom learning.”<sup>51</sup> Removing federal appropriations will not lessen, but increase the “independence” of PBS and, hopefully, increase its effectiveness and popularity.

As our national debt continues to increase, Congress must also prioritize taxpayer funds for only national priorities and needs and find ways to decrease federal spending commitments. Phasing out appropriations for NPR and CPB is a good place to start.

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<sup>51</sup> <http://www.pbs.org/about/corporate-information/leadership/pbs-president/>