

Public Policy and Funding the News

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PUBLIC SERVICE BROADCASTING: AN OVERVIEW

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PUBLIC SERVICE BROADCASTING: THEN AND NOW

Public service broadcasting (PSB)—independently minded, government-funded news content production and distribution—grew out of World War II. As the war effort resulted in advancements of radio transmission and reception technologies, technologies that were used largely for the purpose of propaganda, governments began to realize the benefits that such technologies could provide for their domestic audiences as well if deployed in more accountable and transparent ways. Radio transmissions dramatically increased the speed with which news traveled, thus increasing the overall efficiency of governance and civil society. And as industrialization sped forward, so did the need to communicate quickly, particularly for commerce and governance. The United Kingdom in particular, with the creation of British Broadcasting Corporation (BBC) in 1926, became a model for PSBs throughout Europe and in Canada.

In the United States, however, public service broadcasting did not take hold as quickly. While the American information infrastructure had also undergone significant technological advancements during both world wars, by the 1930s most of the information infrastructure had been seized by the private, profit-making sectors. The private broadcasters assured the FCC that they would provide programming that satisfied both the public's need for accurate and timely news, but also entertainment programming.

In 1965, with the support of President Lyndon Johnson, the Carnegie Commission on Educational Television set about designing a new public broadcasting system. The commission provided the foundation for the Public Broadcasting Act and articulated the following ideals for the new system: "Public media would be a noncommercial, nonprofit and independent enterprise for providing the news, educational and children's programming that enriches and informs a democratic citizenry." It would also provide the "public interest" programming that was notably absent from commercial broadcasting. As the Carnegie Commission wrote: "The goal we seek is an

instrument for the free communication of ideas in a free society.”ⁱ

The Corporation for Public Broadcasting (CPB) came into existence in 1967 in substantial measure due to the private broadcasters' failure to provide sufficient “public sphere programs.” As such programming proved to be less profitable and more expensive when compared to entertainment programming, the private broadcasters were in fact eager to shift the responsibility to be taken at the expense of the American taxpayers.

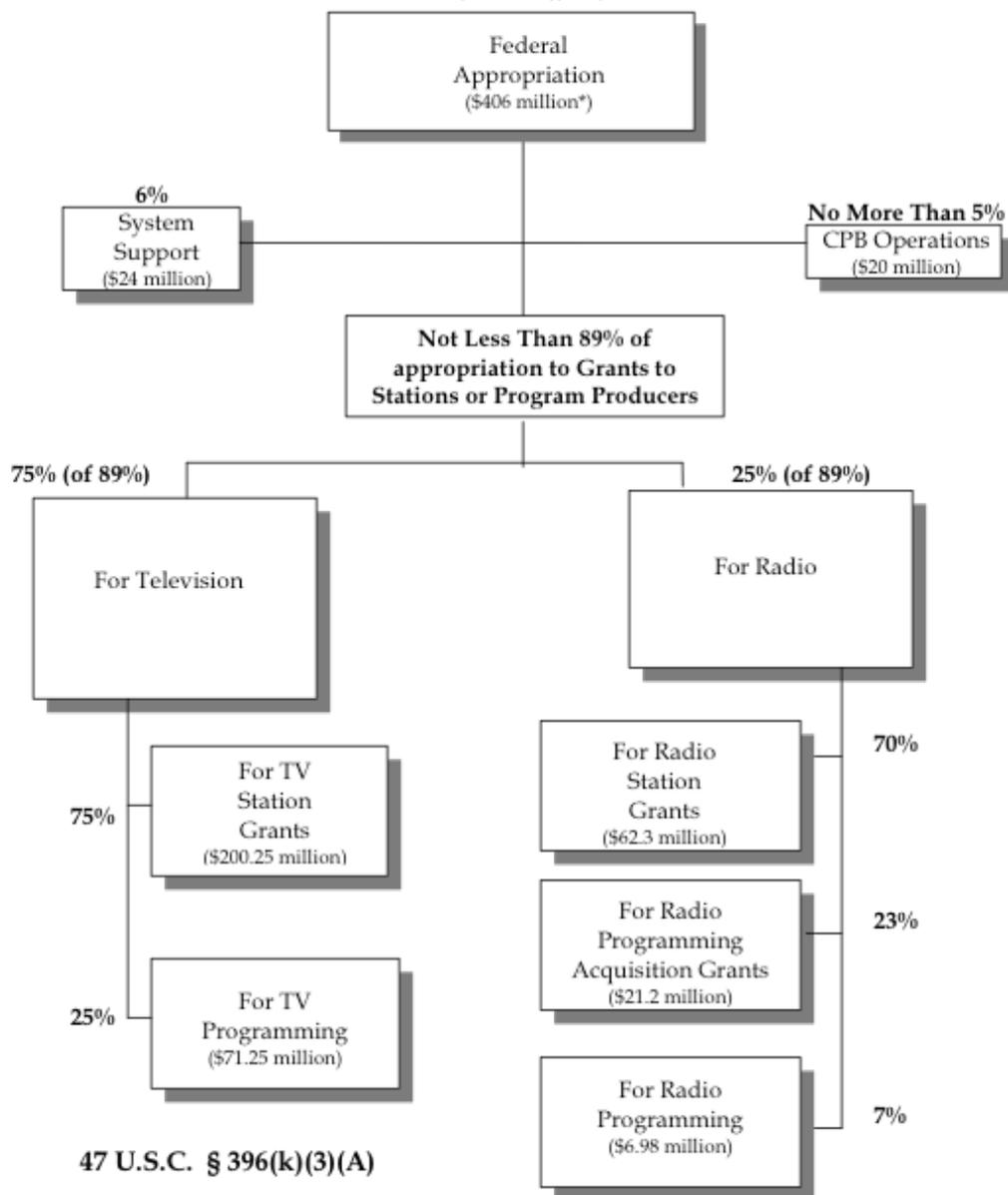
On November 11, 1967, President Johnson introduced the initiative to the American public by placing the mission of the new public media initiative in an historical context: “In 1862, the Morrill Act set aside lands in every state—lands which belonged to the people—and it set them aside in order to build the land-grant colleges of the nation. So today we rededicate a part of the airwaves—which belong to all the people—and we dedicate them for the enlightenment of all the people. I believe the time has come to stake another claim in the name of all the people, stake a claim based upon the combined resources of communications. I believe the time has come to enlist the computer and the satellite, as well as television and radio, and to enlist them in the cause of education... So I think we must consider new ways to build a great network for knowledge -- not just a broadcast system, but one that employs every means of sending and storing information that the individual can use.”ⁱⁱ

As a “network of knowledge,” the Corporation for Public Broadcasting has been successful, despite difficult circumstances. NPR in particular has received praise for its successful transition into the digital world. Since 1999, amidst a steep economic decline of the newspaper business, NPR’s audience has doubled to 26.3 million weekly listeners. According to NPR’s President and CEO, Vivian Schiller, you “may be surprised to know that our on-air programming alone reaches more people than the top 50 newspapers combined.”ⁱⁱⁱ Moreover, while other news networks are closing foreign bureaus, NPR has expanded its international operations to include 18 foreign offices, more than any of the major broadcast TV networks, including CNN. Importantly, the nonprofit boasts 860 local member stations, organizations that are treated as “boots on the ground,” ready and able to report on local events of state, regional or national import. Schiller credits the station’s success in part to its embrace of

new technologies. NPR was the first mainstream news organization to embrace podcasting and routinely has several programs in iTunes' top-ten most popular. With support from the Knight Foundation, NPR puts all of its editorial employees—every reporter, producer and editor—through multimedia training. And, as a result, between 2007 and 2008, traffic on NPR.org grew 78 percent.^{iv}

The Corporation for Public Broadcasting oversees both the Public Broadcasting Service (PBS) and NPR. Eighty-nine percent of CPB's budget, which in FY2009 is \$406 million, is distributed to local television and radio stations for programming, for license fees and for purchasing and subscribing to programs produced by NPR and PBS. Yet, in addition to federal support, public broadcasting also receives support from other government and non-government sources. In 2008, the overall budget for public broadcasting — television, radio and Internet — was \$2.85 billion. Forty percent of that money—\$1,139,249, 000—came from federal or state governments and publicly funded universities. The remaining 60 percent — or \$1,710,007,000 — came from private donations (including corporate sponsors).^v For a complete breakdown of how CPB's budget is allocated, see Chart 1, Formula for Allocating CPB's Federal Appropriation.^{vi}

Formula for Allocating CPB's Federal Appropriation
(FY2009 Figures)



* = \$400 million appropriation plus \$6 million estimated interest

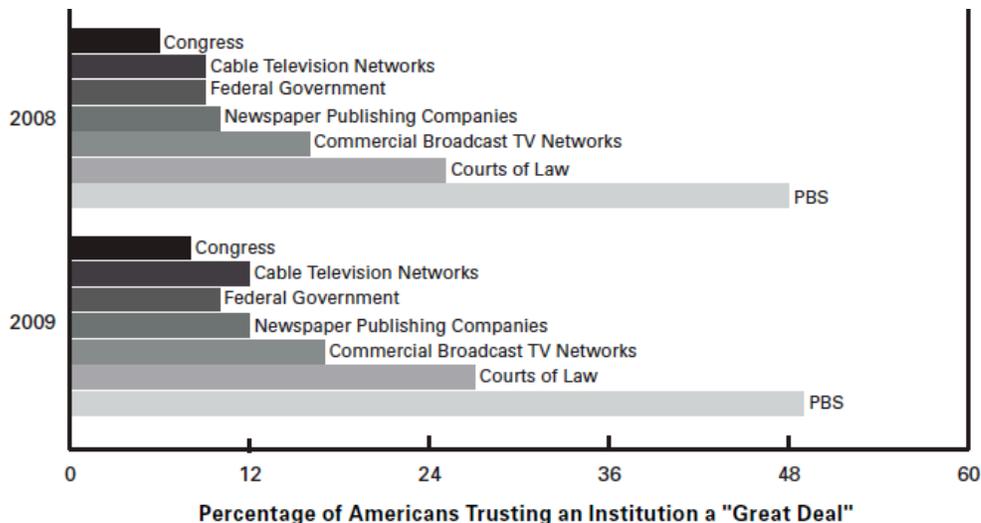
Figure 1: "Corporation for Public Broadcasting Appropriation Request and Justification FY 2010 and FY 2012. Accessible online at www.cpb.org/aboutcpb/.../appropriation/justification_10-12.pdf

NPR's funding is of particular note. According to NPR's annual report, "A very small percentage — between 1 percent to 2 percent of NPR's

annual budget — comes from competitive grants sought by NPR from federally funded organizations, such as the Corporation for Public Broadcasting, National Science Foundation and the National Endowment for the Arts. In 2007, public radio stations, most of which are NPR member stations, received 31 percent of their revenue directly from listeners in the form of pledges, memberships, and other donations, 20 percent from businesses via corporate underwriting, 11 percent from the Corporation for Public Broadcasting (CPB), 10 percent from licensee support, 9 percent from foundations and major gifts, 5 percent from local and state governments, and 14 percent from all other sources.^{vii} In addition to direct grants from the Federal government, NPR generates its revenue from a combination of membership dues and programming fees from its local member stations (approximately 10 percent), sponsorship from private foundations and corporations, and revenue from the sales of transcripts, books, CDs and merchandise.^{viii}

Partly as a result of their public financing, public broadcasters have proven themselves capable of producing some of the best reporting and programming on radio and television. In 2008, PBS won more than 30 Emmys, including 10 for news and documentaries. PBS and NPR took home a combined nine Peabody awards. Moreover, the American public puts a premium on their services as well. In 2009, Americans ranked PBS among our most valued institutions, second only to the military, and put NPR third, tied with law enforcement. They also rank public broadcasting as one of the most trusted institutions: this year was the sixth consecutive year in which Americans ranked PBS as No. 1, ahead of newspapers, commercial broadcasters, the judicial system and the federal government [See Figure 2 for more details].^{ix}

Figure 2: Public Trust in Various Institutions



Source: PBS Research, GfK Roper Public Affairs & Media Surveys, 2004-2009

Figure 2: Turner, Derek, Victor Pickard, Josh Stearns, Craig Aaron, Josh Silver, Lauren Strayer, and Candice Clement. *Changing Media: Public Interest Policies for the Digital Age*. Washington, D.C.: Freepress, 2009

Yet, despite their clear success and popularity among the American public, government support for public broadcasting is limited and inconsistent, especially in comparison to other democratic countries. To put the numbers in perspective, the government spends several times the relatively small \$420 million a year it invests into public service broadcasting on Pentagon public relations. Robert McChesney, founder of Free Press, argues that this figure should be closer to \$10 billion if the United States wants to be able to ensure that accurate, comprehensive and high-quality news programming is to be available. To help put this figure in perspective, Canada spends 16 times as much on public broadcasting per capita as does the U.S.; Germany spends 20 times as much per capita; Japan spends 43 times per capita; the UK spends 60 times as much per capita; and Finland and Denmark spend 75 times as much per capita [See Figure 6].^x

Figure 3: Global Spending on Public Media

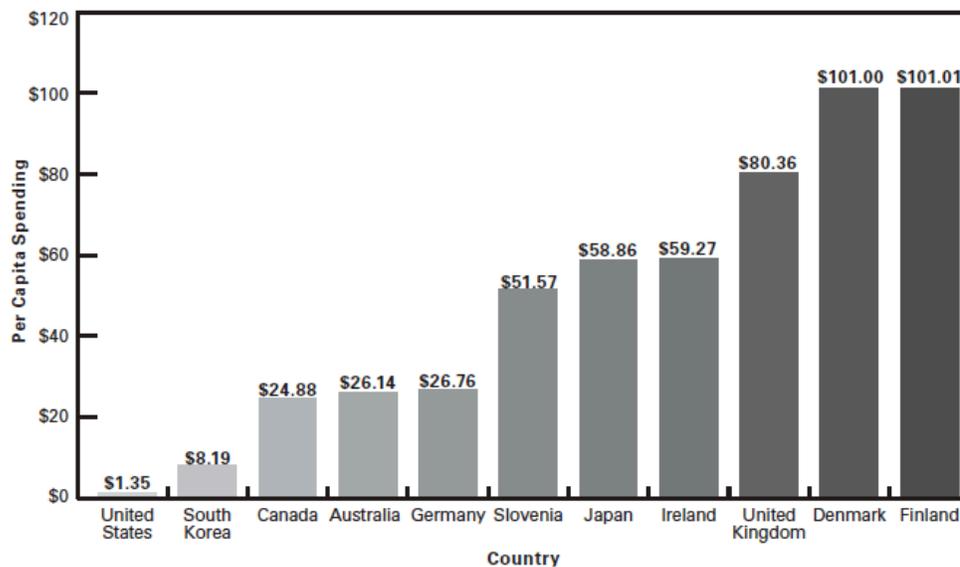


Figure 3: Turner, Derek, Victor Pickard, Josh Stearns, Craig Aaron, Josh Silver, Lauren Strayer, and Candice Clement. *Changing Media: Public Interest Policies for the Digital Age*. Washington, D.C.: Freepress, 2009

One concern about direct government investment in news broadcasting is that it could result in one-sided, biased news coverage of sitting politicians and institutions. Yet, recent history has provided is much evidence to the contrary. Indeed, the examples of the both the BBC and the Canadian Broadcasting Corporation (CBC) provide strong counter examples. Both networks operate with support from the government, and both are highly respected and have been known to be highly critical of sitting governments. According to Jay Blumler and Michael Gurevitch, based on their comparative study of the U.S. and British media systems, “The BBC is unrivaled in the world as a source for international public service media. Research has shown the BBC demonstrating an independence that compares favorably with U.S. media and calls into question some common fears about government-subsidized media.”^{xi} More specifically, pointing towards the Scandinavian model, Daniel Hallin, a Professor at the University of California at San Diego and specialist in comparative media systems,

found that when the press subsidies were introduced, it was “exactly in that period that there was a shift in Scandinavia toward a more adversarial press. It is actually very strong evidence that press subsidies don't lead journalists to be timid.”^{xii}

Similar to the ailing newspaper industry, PSBs are working hard to adapt to today's ever-changing media culture. Yet, it is precisely CPB's mission, described by President Johnson — to employ “every means of sending and storing information that the individual can use” — that provides a pervasive backdrop for its move into the digital era. According to a report produced by Free Media on the future of news in the digital era, “The shift to digital broadcasting means that NPR and PBS now have multiple TV and radio stations in thousands of communities around the country... An infusion of public media funding for journalism seems particularly in line with the 1967 legislation that first created the public broadcasting system to cover the stories and produce the content the market typically failed to support.”^{xiii}

Notes:

ⁱ Cited in Turner et al., *Changing Media*: (2009: 259).

ⁱⁱ Johnson, Lyndon B. (1967) “Remarks of President Lyndon B. Johnson Upon Signing the Public Broadcasting Act of 1967,” available online at:

<http://www.cpb.org/aboutpb/act/remarks.html>

ⁱⁱⁱ National Public Radio, “NPR Rolls out the First Ever, All Digital B2B Advertising Campaign,” Sep 17 2009,

<http://www.npr.org/about/press/2009/091709.b2b_campaign.html>

^{iv} Kamenetz, Anya. “Can NPR Save the News?” *Fast Company*, March 18, 2009; Farhi, Paul. “Consider This: NPR Achieves Record Ratings,” *Washington Post*, Mar 24 2009.

^v Corporation for Public Broadcasting. “Public Broadcasting Revenue Fiscal Year 2008.” Sep 2009.

^{vi} Corporation for Public Broadcasting Appropriation Request and Justification FY 2010 and FY 2012. Accessible online at

www.cpb.org/aboutcpb/.../appropriation/justification_10-12.pdf

^{vii} National Public Radio, “Annual Reports, Audited Financial Statements, and Form 990s,” accessed Oct 12 2009 via <http://www.npr.org/about/privatesupport.html>

^{viii} National Public Radio, Inc. Return of Organization Exempt from Tax for the 2007 Calendar Year, Form 990, Public Inspection Copy. 9/30/2008.

^{ix} Turner et al., *Changing Media* (2009: 64).

^x Turner et al. *Changing Media* (2009: 267).

^{xi} Turner et al., *Changing Media* (2009: 252), from Blumler, Jay and Michael Gurevitch, “Americanization’ Reconsidered: U.K.-U.S. Campaign Communication Comparisons Across Time,” in W.L. Bennett and R.M. Entman (eds.), *Mediated Politics*, Cambridge: Cambridge University Press, pp. 380-403, 2001.

^{xii} Klein, Ezra. “The Truth—So Long as It’s Profitable.” *The American Prospect*, Oct 4 2007; Herman, E.S. & McChesney, R.W. (2001) *The Global Media: The New Missionaries of Global Capitalism*. Washington, D.C, Cassell, p. 6.

^{xiii} Turner et al., *Changing Media* (2009: 221).