



Corporation for Public Broadcasting  
401 Ninth Street, N.W.  
Washington, D.C. 20004

March 2, 2009

TO: CPB Board of Directors  
FROM: CPB Management  
SUBJECT: FY2009 Recommendations for Digital Funding

In December 2008, CPB convened a panel comprised of representatives from public radio and television to discuss digital funding for FY2009. This consultation was held in advance of an official amount of funding being authorized; however, an amount of \$30 million was suggested based on the current amounts pending in the House and Senate authorization bills.

Assuming a \$34 million dollar appropriation on top of funds carried forward from previous years, the panel discussed funding priorities and recommended spending \$36 million across four main areas: \$6 million for radio conversion, \$13 million for television conversion, \$16 million for content and services, and \$1 million for research and development.

The funding recommendations reflect a continued shift from investment in hardware to investment in digital content development, with the panel recommending 45% of FY2009 funds be allocated for content and services. In particular, the panel proposed allocating \$8 million for the American Archive, which Congress has shown particular interest in and is looking to move forward.

Based on the panel recommendations and subsequent feedback, CPB management is offering the following FY2009 Digital Funding recommendations to the Board for approval.

### **Guiding Principles for Funding**

CPB management, following the panel's guidance, recommends that the guiding principles of the FY2009 digital transition fund be as follows:

- Ensure that every American can benefit from the enhanced services made possible by digital public broadcasting. This is particularly true for public television where the sole transmission method will be digital.
- Continue to increase investment in content and services. CPB's primary focus is to help stations provide relevant, meaningful content and service to communities. As the digital conversion moves to completion, it is critical that CPB again work with stations and producers to pilot content and applications that make excellent use of

these new facilities. Since the start of the digital appropriation in 2001, 99% of public television stations have achieved the FCC minimum requirements to transmit a digital signal and approximately 68% of public radio stations have converted their transmitters. With the digital transition for television almost complete and radio conversion well underway, the panel emphasized a need to increase investments in the development of content for the new digital capacity.

The panel also recommended that all unencumbered funds from prior fiscal years be spent in accordance with the current year's priorities and recommendations.

### **Proposed Funding Priorities**

The panel emphasized that the highest priority remains that no American lose service due to the digital transition.

#### Radio Conversion

With roughly 32% of public radio stations yet to convert their transmitters, the panel recommended that completing this basic conversion remains a top priority. The panel recommended that \$6 million be allocated for digital radio conversion and possible digital power increase needs. Specifically, the panel recommended investing in the following:

- Transmitter conversion and multicasting capability
- Power optimization to insure that the proposal for an elevated power level of digital radio transmission being considered by the FCC does not cause unacceptable interference for the public radio consumer.

#### Television Conversion

With only 1% of CPB qualified public television transmitters left to complete conversion, the DTV transition is nearly concluded with regard to the basic FCC mandated digital conversion process. The panel recommended that conversion costs related to the remaining transmitters be given the highest priority. The panel recommended that \$13 million be allocated for remaining digital conversion needs, maximization (ensuring digital transmitters reach the same audiences as the analog transmitters they are replacing), re-channelization (moving the digital transmitter channel to the permanent channel assigned by the FCC), mobile TV (equipment necessary to convert a portion of the digital television transmission in order to be received on portable and hand held devices), and Emergency Alert System compliance as required by law. Additionally the panel recommended investment in additional Nielsen Encoders in order to continue the collection of audience viewing data as well as master control projects where needed to ensure insertion of locally produced content.

The panel noted that public broadcasting should be mindful of the needs of those with hearing and vision impairments. Digital technology offers new capabilities to serve sight and hearing impaired citizens by making digital content accessible with video, audio, text and data options.

The panel also recommended that CPB consider funding television translators once the FCC rules are finalized. There will be funding through the U.S. Department of Commerce's NTIA program for translators and funding decisions should be coordinated with that agency.

### Content and Services

The panel emphasized a need to invest in the development of content for the new digital capacity and recommended that \$16 million be allocated for these projects. This is the largest allocation ever recommended for digital content development. Among the investments discussed were:

- The American Archive
- The Economic Collaboration
- The Public Media Innovation Fund (PMI)
- Cross-platform digital content development and web 2.0 projects (TBD)

The panel emphasized that it is important to focus on the goals of these investments. There was a strong agreement that these projects embrace inclusiveness, diversity, innovation, and high impact, cross-platform collaboration.

### Research and Development

The panel recognized the need to obtain more information regarding the costs implications of digital projects that may require additional funding in the future. In anticipation of these future needs, the panel proposed funding the following projects:

- An Analog Decommissioning Study to assess the cost of removing and disposing of analog equipment.
- R&D regarding technical problems related to the over-the-air reception of digital radio and the analysis of the FCC proposed solution.
- Analysis of Distributed Transmission System (DTS) that deliver over the air signals to geographic areas unable to receive the signal from the main transmitter. This is often referred to as fill-in coverage.
- Implications for digital television of "White Space" deregulation by the FCC that will allow unlicensed consumer devices that use an over-the-air signal to be manufactured and sold in the U.S.
- Assessment of accessibility issues for vision and hearing impaired audiences' use of digital broadcasting.

## **Summary**

Public Broadcasters are developing new digital content and services that can be distributed on multiple digital platforms. These new distribution platforms can be used to advance the diversity of content and those who use that content. Beneficiaries of these developments include students, teachers, and consumers of news and public affairs as well as the arts. CPB investments in digital platforms strengthen public service media.

Keeping in mind public broadcasting's mandate to provide universal service, the panel placed a high priority on completing the television conversion and continuing the radio conversion. However, the panel emphasized the need for increased investment in the development and management of content for digital capacity. This is especially important for television due to the imminent analog shut-off. CPB Management has reviewed the panel recommendations and agrees with the recommendations laid out in this memo.

## **Digital Consultation Panel Members**

The following station and system representatives participated in this digital consultation:

### Moderator:

Quentin Hope, High Plains Public Radio

### Panelists:

Skip Hinton, NETA  
 Jacquie Jones, NBPC  
 John McCoskey, PBS  
 Jon McTaggart, APM/MPR  
 Carol Pierson, NFCB  
 Mike Riksen, NPR  
 Mike Starling, NPR  
 Tom Thomas, SRG  
 Lonna Thompson, APTS  
 Cory Zanin, PRI

### CPB Staff:

Mark Erstling, SVP System Development & Media Strategy  
 Bruce Theriault, SVP Radio  
 Ted Garcia, SVP Television Content  
 Don Lockett, Senior Director, Media Technologies  
 Patricia Lanas-Espinosa, Program Manager, Digital Media Strategy  
 Kristina Cushing, Business Performance Manager