


**CORPORATION FOR PUBLIC BROADCASTING  
OFFICE OF INSPECTOR GENERAL**

**Report on Survey of Public Broadcasting Stations'  
FY 2005 Lobbying Efforts**

**AUDIT REPORT NO. ECJ604-710**

**SEPTEMBER 28, 2007**

  
\_\_\_\_\_  
**Kenneth A. Konz  
Inspector General**





Corporation  
for Public  
Broadcasting

Office of Inspector General

September 28, 2007

To: Vincent Curren, Executive Vice President & Chief Operating Officer

From:   
Kenneth A. Konz, Inspector General

Subject: Report on Survey of Public Broadcasting Stations' FY 2005 Lobbying Efforts, Report No. ECJ604-710

The Corporation for Public Broadcasting (CPB), Office of Inspector General (OIG), has completed a survey of public broadcasting stations' efforts to lobby Congress to restore cuts in the level of Federal appropriations for public broadcasting made by the House Subcommittee on Labor, Health & Human Services and Education Appropriations during the summer of 2005. This survey was initiated based on a request from eighteen Members of the House of Representatives who raised concerns about *"intense lobbying on behalf of CPB's publicly-funded radio and TV stations."* In their request, the House Members referred to a June 21, 2005, Washington Post article which stated that: *"Faced with impending federal budget cuts, public TV and radio stations around the country have taken to the airwaves to highlight the situation."*

Congressional representatives requested that our office investigate these lobbying efforts because: *"the law is clear."* The appropriation act states: *"No part of any appropriation contained in this Act shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence legislation or appropriations before the Congress or any State legislature."*

The objective of our survey was to determine whether CPB funding was used to pay for this lobbying campaign and to assess whether changes were necessary to strengthen CPB grant provisions and processes to better ensure compliance with statutory restrictions in the use of Federal funds in the future.

## **BACKGROUND**

Congress created CPB in 1967 as a private nonprofit corporation chartered in the District of Columbia to promote non-commercial public telecommunications. In authorizing CPB, Congress made it clear that noncommercial television and radio in America, even though supported by Federal funds, must be absolutely free from any Federal Government interference beyond the mandate in the legislation.

CPB is the largest single source of Federal funding for public television and radio programming. Through its Community Service Grants (CSG) program, it provides financial support and a variety of services to more than 1,000 public television and radio stations nationwide. This support ensures that stations can exchange program materials through a national interconnection system. In addition, CPB initiatives seek ways to help public television and radio stations serve their communities more efficiently and effectively. This involvement makes possible diverse and innovative programs that are educational and locally relevant. CPB also gives grants to organizations and to individual producers for the production or acquisition of new programs for public television and radio. These activities help guarantee universal access to the public broadcasting system.

CPB receives nearly all of its funding from Congress. Funds are appropriated two years in advance of the fiscal year they are to be spent. This advanced funding provides stability for the planning and funding of long-term programs and projects. Appropriations for fiscal year 2005 were approximately \$465 million. Additionally, CPB may obtain grants from foundations or other organizations for specific projects. Funds made available to CPB are to be used by the Corporation in a prudent and fiscally responsible manner, solely for its grants contracts or administrative costs. Overall, CPB must distribute at least 95 percent of its Federal appropriation to television and radio stations, producers of programs, or educational services. Up to five percent of the appropriation may be expended for the internal operations and overhead of CPB.

In 2005, CPB grants and contracts utilized more than \$262 million in support for public broadcasting CSG support. Overall, support to public radio and television broadcasting stations provided only 15 percent of the revenue received by public broadcasting stations.

## **RESULTS OF REVIEW**

While a significant portion of the public broadcasting stations responding to the OIG survey confirmed that they had lobbied Congress in 2005 (55 percent), all but one affirmed that they did not use CPB funds to pay for their lobbying efforts. In the one instance in which, a station reported that they used CPB funds, they explained that it was inadvertent and that the involved public broadcasting entities were working cooperatively to return the misspent funds to CPB. This will enable CPB to ensure that Federal funds were properly used.

Additionally our survey identified that grantees did not consistently maintain discrete accounting records identifying CSG expenditures. Grantees are not required to maintain discrete records of lobbying expenses. Finally, our review identified that the CSG General Provisions did not prohibit the use of CSG funds to pay for costs related to lobbying and providing receptions and entertainment to government officials. Accordingly, improvements are being recommended to CPB Grant Provisions to more clearly spell out limitations on use of grant funds and improve reporting to CPB.

### **Survey of Stations Lobbying Activities**

To obtain information on public broadcasting station lobbying activities during the summer and fall of 2005, the OIG sent surveys to all television and radio stations who received CPB Community Service Grants exceeding \$50,000.<sup>1</sup> In total, we surveyed 546 grantees, 174 with television support grants and 372 with radio support grants. In addition to our initial survey, we performed three rounds of follow-up to obtain and clarify station responses. The OIG received answers from more than 78 percent of the grantees surveyed. This is considered a high level of response.

#### **Survey of Public Broadcasting Stations Receiving CPB Grants in Excess of \$50,000**

	<b>Television</b>	<b>Radio</b>	<b>Total</b>
No. of Grantees Surveyed	174	372	546
No. Of Grantees Responding	148	279	427
<i>Percentage</i>	<i>85%</i>	<i>75%</i>	<i>78%</i>
No. of Grantees Not Responding	26	93	119
<i>Percentage</i>	<i>15%</i>	<i>25%</i>	<i>22%</i>

In responding to the survey, 233 of the grantees (55 percent) acknowledged that their stations had lobbied Congress concerning the level of funding being considered for public broadcasting in the summer and fall of 2005. The following table shows a more complete breakdown of the level of lobbying acknowledged by television and radio grantees:

---

<sup>1</sup> These stations are required to provide CPB with audited financial statements along with an annual financial report.

**Survey of Public Broadcasting Stations Responding  
Regarding Lobbying Activities**

	<b>Television</b>	<b>Radio</b>	<b>Total</b>
No. of Grantees Responding	148	279	427
No. Of Grantees Confirming Lobbying	105	128	233
<i>Percentage</i>	<i>71%</i>	<i>46%</i>	<i>55%</i>
No. of Grantees Reporting No Lobbying	43	151	194
<i>Percentage</i>	<i>29%</i>	<i>54%</i>	<i>45%</i>

In acknowledging their lobbying activities, grantees stated that they had utilized the following tactics to lobby:

- Communicated in writing and/or contacted their Representatives and/or Senators or their staffs directly to ask for restoration of proposed reductions.
- Posted information to station websites protesting the impact of the proposed reductions and encouraged public broadcasting supporters to seek restoration of proposed reductions.
- Broadcast announcements or in other ways encouraged listeners, community leaders and other public broadcasting supporters to contact the House and Senate to ask for restoration of proposed cuts.
- Reached out to local media to encourage them to print or broadcast stories related to the planned reductions encouraging the public to contact Congress to restore public broadcasting funding.
- Requested that their Representatives and Senators ask their colleagues to restore funding.

Each and every citizen of the country, as well as organizations properly doing business here in the United States, have the constitutional right to share their concerns and opinions concerning matters being considered in legislation with their Representatives and Senators.

## Funding for Lobbying Activities

In surveying grantees about their lobbying activities, we asked them whether CPB grant funds had been used to pay for the lobbying done by a public broadcasting interest group. As shown in the following table, all but one of the 233 grantees who lobbied, reported that no CPB funds had been used for lobbying:

### **Survey of Funding by Public Broadcasting Stations Reporting Lobbying in FY 2005**

	<b>Television</b>	<b>Radio</b>	<b>Total</b>
No. of Grantees Reporting Lobbying	105	128	233
No. Of Grantees Reporting Use of CPB Funds for Lobbying	1	0	1
<i>Percentage</i>	<i>1%</i>	<i>0%</i>	<i>.4%</i>
No. of Grantees Denying Use of CPB Funds in Lobbying	104	128	232
<i>Percentage</i>	<i>99%</i>	<i>100%</i>	<i>99.6%</i>

With respect to the one grantee who acknowledged using CPB funding to finance lobbying activities during the summer of 2005, a grantee representative advised us that when the grantee had become a member of a public television broadcasting interest group in 2005, a staff member inadvertently used CPB

funds to pay the organizational dues. This individual was unaware that almost \$4,000 of these dues were used for lobbying by the interest group. The station further acknowledged that the payment was made in error from CPB funds and not of financial necessity. The representative stated that the grantee had ample non-federal and non-CPB funds available to pay this expense. No federal funds or CPB funds have been used to support such activities in subsequent years. Upon learning of this situation, the

public television broadcasting interest group decided to return these funds to the grantee. Further, the grantee has agreed to return the amount improperly used to CPB.

Even though almost all of the grantees reported that they had not used CPB funds to pay for lobbying activities, we learned that specific accounting records were not always available to substantiate such statements. In discussions with stations during follow-up, several stations told us that their Independent Public Accountant's (IPA's) fees would increase substantially, if the stations had their IPA's certify the accuracy of the station's response to our survey.

In some cases, station management itself stated that they could not certify to the amounts reported in the survey due to the lack of discrete accounting records. For example, many stations had commingled CPB funds with other grantee funding. In reviewing a sample of 20 CPB grantees, we were advised that four grantees had used CPB funds to pay for PBS or NPR costs for the purchase of national programming or for the activities of a station's educational department. In examining the 20 grantees' responses to follow-up questions, we noted, that 7 grantees acknowledged that they commingled CPB grant funds with other grantee funding and the other 13 said they had separate accounting records for the CPB funds. At the same time, 13 grantees said they had separate accounts to identify lobbying expenditures, while 7 acknowledged they didn't have such records. In the cases where lobbying accounts existed, such accounts frequently tracked payments to lobbyists or trips, lunches, etc. specifically for that purpose. However in many cases, station costs associated with lobbying activities, such as personnel costs, fringe benefit costs, or related indirect cost were not tracked and supporting information was not maintained to identify the portion of such expenses which grantee employees, who were involved in lobbying activities may have incurred. Grantees are not required to maintain discrete accounting records of their lobbying activities.

It should be noted, at this time, that almost all of the CPB grantees raised significant funds from contributions, underwriting and gifts from the public, other non profit organizations, as well as, from various state and local governmental organizations. Accordingly, each of the grantees had sufficient non Federal funds available to cover the relatively limited costs related to lobbying incurred in the summer of 2005.

Although CPB Community Service Grant Funds are to be used to augment the capability of public broadcasting stations to expand the quality and scope of their services to the community, the act provides that the funds distributed may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming. In this regard the General Provisions of such grants recognize that allowable expenditures must fall in seven broad categories. These include:

- Programming and Production
- Broadcasting, Transmission and Distribution

- Program Information and Production
- Fundraising and Membership Development
- Underwriting and Grant Solicitation
- Management and General
- Purchase, Rehabilitation or Improvement of Capital Assets

The CSG grant provisions require stations to maintain discrete accounting records of CSG funds. For 7 of the 20 survey responses, we did follow-up work on the stations and found they did not maintain discrete accounting records of CSG expenditures. Further, grantees sometimes overlooked the fact that funds which were not properly spent in the grant period must be returned to CPB. Sometimes, they did not adhere to the requirements that all grant expenditures must be properly supported by accounting documentation and must be maintained and available for review by CPB auditors or management staff for three years after completion of the grant. Accordingly, we will recommend strengthening of reporting requirements.

Additionally, the General Provisions of CPB Grants do not specifically address two areas where CPB's authorizing or appropriation statutes prohibit the use of Federal funds (i.e. lobbying and providing receptions and entertainment for Federal, State, or Local officials or employees). To ensure that grantees clearly understand these prohibitions, we will recommend that CPB expand its General Provisions.

### **Recommendations**

We recommend that CPB management take the following actions:

1. Expand its annual financial status report so that it identifies each grant that a grantee receives or is open in the period, the amount of funds provided or available for expenditure in the period, the amount of expenditures made against the grant in the period, and the unexpended balance of funds available at the end of the period.
2. Maintain appropriate documentation supporting the allowability of each of these expenditures for three years after submission of the required annual financial report.
3. Expand the General Provisions of Community Service or other types of grants to provide that:
  - a. No CPB funds shall be used for purposes of conducting any reception, or providing any other entertainment, for any officer or employee of the Federal government or any State or Local government.
  - b. No CPB funds shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to

any activity designed to influence legislation or appropriation before Congress or any State legislature.

## **SCOPE AND METHODOLOGY**

We conducted this special review as a result of a request received from members of Congress. This special review included a survey of 546 public broadcasting stations who received CPB Community Service Grants in excess of \$50,000 in Fiscal 2005. In total, the OIG sent out three rounds of surveys and followed up on delinquent responses until we had received responses from more than 78 percent of radio and television grantees. Subsequently, we called and discussed station responses with staff to clarify matters and assure that we understood the answers provided. Additionally, we reviewed applicable CPB grant requirements and provisions to identify improvements needed to better ensure compliance with statutory requirements. The survey did not include a detailed review of the stations' financial records.

This report was prepared in accordance with the Office of Inspector General Manual, Chapter Seven, Special Assignments to provide advisory services to CPB management related to their grant projects.