



CORPORATION FOR PUBLIC BROADCASTING

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Memorandum

TO: CPB Board of Directors

FR: Eugene Katt *EK*
Richard H. Madden *RHM*

THROUGH: Donald Ledwig *DL*

RE: FY 1993 Radio Program Fund Priorities

DATE: April 30, 1992

CPB management recommends that for FY 1993 and FY 1994 the CPB Board adopt as the priorities for the Radio Program Fund projects that

- . increase and diversify public radio's audience,
- . yield quality programming that is illuminating and inspiring as well as appealing, and
- . take programmatic risk.

Projects meeting the first -- and most important -- priority will hold the prospect of emerging as major new services or series. Or they will be original and compelling projects of national significance but more limited in scope. Regardless, such projects will reflect the diversity and complexity of life, culture, and society especially including unserved and underserved audiences.

Projects meeting the second priority will present artistic and cultural work of the highest quality, provide programming alternatives to those that are available from other media, or improve the overall quality of national programming.

Projects meeting the risk priority will take creative risk in content and approach and will take business risk through the uncertain process of becoming established in the public radio marketplace.

These priorities are consistent with the Radio Fund's purpose which is to fund production of programs of high quality, diversity, excellence, and innovation obtained from diverse sources, with strict adherence to objectivity and balance in programming of a controversial nature.

These priorities differ from current priorities in two respects. First, they reflect for the first time CPB's and public radio's longstanding interest in diversifying public radio's audience. Second, CPB has applied each of the existing priorities equally to each application. While each remains important, management believes that the Board should choose to direct that the most important priority must be to increase and diversify public radio's audience.

We have attached a paper that provides detailed background on these points and on what led management to this recommendation.

Management recommends these priorities because

- . a general partnership among CPB, individual stations, and local and national producers is necessary to guarantee the quality programming and services necessary to increase and diversify public radio's audience;
- . stations help increase public radio's audience and secure system diversity by, among other things, locally producing 61 percent of the average station's 21-hour-per-day broadcast schedule;
- . CPB strengthens stations and local and national producers by providing grants to stations that in FY 1992 total \$57 million, \$19 million of which CPB targets for the production and acquisition of national programming via NPPAGs; and
- . CPB shoulders the risk for new series and services and for identifying new national producers that seek to expand and diversify public radio's audiences by maintaining a competitive fund, which in FY 1992 will provide \$4.5 million for such activities.

Since 1987, the principal mechanism that informs the CPB Board as it establishes Radio Fund priorities has been an extensive annual consultation process. CPB has designed the process to generate advice about Fund administration and funding practices as well as Fund priorities. Accordingly, CPB invites the public radio community to participate, including more than 350 stations and 1,000 producers. Over the past two years, more than 100 stations and producers per year as well as the national representation organizations have actively participated in the process.

Management believes that the proposed priorities strengthen public radio's definition, affirm the medium, and explain CPB's national programming interests to external constituencies. We believe these changes will sharpen the perspective of producer/applicants, review panels, and CPB management through the evaluation and selection process.

CPB's strategy in developing fund priorities for public radio and television is different because each medium is different and has different needs. These needs include programming, the number and nature of formats, audience reach and size, location of listening, and the changing national marketplaces. We have described these differences in the attached background paper. These not only suggest but compel a different strategy for CPB funding of national radio and television programming. Indeed, CPB has pursued distinct approaches since CPB first funded national radio and television production.

The emphasis on increasing and diversifying public radio's audience is consistent with every major system consultation in public radio's recent history. This includes the mid-1980s Audience Building Task Force, the Audience 88 research project, the 1990 Public Radio Expansion Task Force, CPB's 1991-1992 Public Radio Station Grants Review, and the just-released Public Radio Programming Strategies report. Each of these activities has had as its objective bringing public radio to more listeners and different types of listeners.

For instance, the Public Radio Expansion Task Force recommended that "existing stations and producers must be strengthened with continued investments in core programming" and the "system must be diversified through research to identify new service niches for public radio, major new streams of programming...." The CPB Radio Fund is poised to achieve both goals.

The proposed Radio Fund priorities also complement the goals established by the Station Grants Review. The respective committees' unanimously endorsed goals were to expand and diversify public radio services by

- . preserving and strengthening the existing public radio system, and
- . increasing targeted investments in initiatives to serve more people of color, initiatives for listeners in exceptionally rural areas, and expansion of service to unserved listeners.

At your January meeting, you were briefed on the Public Radio Programming Strategies study. This CPB-funded research has succeeded in identifying programming patterns that are shared among significant numbers of stations. The result is a new framework that producers can employ as they apply for CPB funding and CPB, advisory panels, and potential user stations can employ as projects are selected and move into the public radio marketplace.

CPB's and public radio's interests in increasing and diversifying radio's audiences are longstanding and, given the Public Radio Station Grants Review, will continue. Further, we believe these priorities will continue to be consistent with CPB's legislative mandates. For these reasons, management recommends that these priorities be approved for a two-year period. Management would continue to report to you at least twice per year, as we do now, on the progress we are making toward achieving this goal. If, however, the legislation should change in a manner that would affect these priorities, management would return to you with any necessary adjustments.

Management has provided a resolution for your consideration.

Attachment

National Radio Program Production Priorities

The purpose of this paper is to provide additional background that will enable you to evaluate management's recommendation for the FY 1993 Radio Program Fund priorities. To provide a framework for CPB management's recommendation, this paper will discuss the role CPB's Radio Program Fund plays in CPB's broader national radio program production investments (page 1), how the Station Grants Review informs management's recommendation (page 3), the Radio Fund's current priorities (page 4), the differences between the current public radio and television marketplaces that suggest different approaches to Radio and Television Program Fund priorities (page 5), how the current priorities work (page 5), alternative Radio Fund priorities that CPB and public radio have explored (page 7), and possible system reaction to management's recommendation (page 8).

How does CPB invest in national radio program production?

In FY 1992, the Corporation for Public Broadcasting (CPB) will apply more than \$19 million toward national programming investments for public radio. CPB will award about 75 percent of this amount through station grants and 25 percent through the Radio Program Fund.

- **Station Grants** CPB will award more than \$15 million to about 360 eligible stations in FY 1992. CPB expects the number of recipients to increase to more than 400 by FY 1994. Currently, CPB offers three types of national programming grants:
 - **National Program Production and Acquisition Grants** (NPPAGs) began in FY 1987. CPB restricts their use solely to acquiring or producing programming designed for regional and national distribution. FY 1992 grantees receive a base grant of \$9,474. In addition, stations receive an incentive grant which is the result of a station's certified nonfederal financial support (NFFS) multiplied by 4.43 percent. CPB anticipates that 344 stations will be eligible for NPPAG-funding in FY 1994, an increase from the 322 eligible stations in FY 1992.
 - **Station Development** or STEP grants began in 1990. STEP grants provide assistance in establishing fully eligible CSG stations within unserved areas, developing more diversified services in general, and helping minority public radio stations to maintain and improve programming services. A STEP station has five years to move through three levels of progressively higher eligibility from STEP 1 to full Community Service Grant (CSG)/NPPAG eligibility. Minority STEP stations have seven years. STEP grantees receive amounts equal to 60 percent,

80 percent, and 100 percent, respectively, of combined CSG and NPPAG base grants. Seventeen stations were STEP-eligible in FY 1992. CPB expects 26 stations to be STEP-eligible in FY 1994.

- The **Program Acquisition Assistance Grant (PAAG)** program also began in 1990. Eligibility criteria for PAAGs specify noncommercially licensed stations, broadcasting 12 consecutive hours per day, six days per week, 52 weeks per year. In addition, the station must participate in the public radio satellite interconnection system. The annual grant now equals the NPPAG base grant plus the minimum satellite interconnection fee, currently about \$12,500. CPB anticipates that the number of grantees will increase from 15 in FY 1992 to 40 by FY 1994.
- **Radio Program Fund (RPF)** In FY 1992, CPB will award about \$4.5 million to 26 station and independent producers resulting from an annual request for proposals to which 272 applicants responded. The purpose of the Radio Fund is to fund production of programs of high quality, diversity, excellence, and innovation obtained from diverse sources, with strict adherence to objectivity and balance in programming of a controversial nature.

How does CPB set national program funding priorities for public radio?

Since 1987, the principal mechanism that informs the CPB Board as it establishes Radio Fund priorities has been an extensive annual consultation process. CPB has designed the process to generate advice about Fund administration and funding practices as well as Fund priorities. Accordingly, CPB invites the public radio community to participate, including more than 350 stations and 1,000 producers.

In prior years, topics of the consultation have included the mix of large and small projects, the role of panels, and access to funded programming by stations. The one constant agenda item has been Radio Fund priorities. Over the past two years, more than 100 stations and producers per year as well as the national representation organizations have actively participated in the process.

How does the Station Grants Review inform CPB management's consideration?

Management's proposed priorities are consistent with the themes that emerge from virtually every major system consultation and research effort over the past five years. These include the mid-1980's Audience Building Task Force, the Audience 88 research project, the 1990 Public Radio Expansion Task Force, the 1990 National Public Radio Strategic Plan, CPB's 1991-1992 Public Radio Station Grants Review, and the just-released Public Radio Programming Strategies report. Each of these activities has had as its objective bringing public radio to more listeners and different types of listeners.

Management believes that its proposed Radio Fund priorities are consistent with the Station Grants Review committee's recommendations. Two committees, responding to comments from more than 200 stations, unanimously recommended significant targeted shifts in the manner in which CPB distributes station grants to meet the national programming and community service needs of stations. The CPB Radio Station Grants Programs should expand and diversify public radio services by

- preserving and strengthening the existing public radio system, and
- increasing targeted investments in initiatives to serve more people of color, initiatives for listeners in exceptionally rural areas, and expansion of service to unserved listeners.

The committees also affirmed the principles of CPB grant-making. Several inform the discussion about Radio Fund priorities.

For instance, in establishing why CPB makes grants to stations, CPB and the committees have said that, among other things, station grants provide significant funds for the acquisition and production of public radio's national programming so stations can reflect the diverse needs of the licensees and the communities they seek to serve. The principles state that the community service and the national programming needs of stations are the bases for CPB allocation of funds.

CPB has said that the local community and licensee have discretion in developing the programming philosophy of the station, CPB will not interfere with the programming

philosophy of the local community and licensee, and the local community will decide the appropriateness of the program schedule through its financial support of that service.

What did the public radio system say about the Radio Fund priorities?

This year's consultation about Radio Fund priorities began in January 1992. It occurred in the context of the Station Grants Review, CPB's most extensive consultation with the public radio system in its history. The universe of participants included stations and producers.

Most station, producer, and national representation organization participants recommended that CPB keep its current priorities. FY 1992 Radio Fund priorities are for projects that

- yield quality programming that is illuminating and inspiring as well as appealing.
- take programmatic risk, and
- advance public radio's mission of serving an increasing number of Americans.

Projects meeting the first priority will reflect programming that recognizes and incorporates the diversity and complexity of life, culture, and society. Or will present the unknown or underrepresented corners of life. Or will present artistic and cultural work of the highest quality. Or may provide programming alternatives to those that are available from other media. Or will improve the overall quality of national programming. Or some combination of the above.

Projects meeting the risk priority will take creative risk in content and approach and will take business risk through the uncertain process of becoming established in the public radio marketplace.

Projects meeting the third priority may hold the prospect of emerging as major new services or series. Or, will be original and compelling projects of national significance but more limited in scope.

CPB has applied each of these priorities equally to each application.

Why is CPB's approach to developing priorities and funding national programming different for public radio and for television?

CPB's approach to funding national radio and television program production is different because each medium is different and has different needs. This has been true since the creation of CPB, National Public Radio (NPR), and the Public Broadcasting Service (PBS) in the late 1960s and early 1970s. From that time through the mid-1980s, CPB centralized its national radio program production at NPR, while public television maintained an essentially decentralized approach to program production and acquisition.

Now, the public television and radio marketplaces are at distinct points in their development. The table on the next page outlines some of these distinctions.

Do the existing priorities work?

From CPB management, advisory panel, station, and producer perspectives, the current priorities work. This means that CPB is able to identify and fund programming consistent with the priorities and public radio's needs.

Most larger and smaller stations and producers have advised CPB over the years to keep the existing priorities. They believe the existing priorities reflect the system's diversity. They maintain that other, perhaps more specific priorities, no matter how well crafted, are not apt to serve the needs of all the stations and their audiences. Beyond that, however, they base their advice on different assumptions.

Stations, large and small, believe the current priorities work. They are the first step in providing new programming that appeals to their audiences. Most stations approach this issue from an audience appeal perspective.

American Public Radio has favored broadly stated priorities, writing "This open approach permits good ideas to be presented from any source." National Public Radio has written, "The priorities should not be drawn so restrictively that they determine the programming to be funded."

	Public Radio	Public Television
Reach of U.S. Population	86 %	94 %
Weekly Cume Audience	7.6 % age 12+	36.7 % age 2+
Time Spent Listening/Viewing Per Week	7 hours 54 minutes	1 hour 58 minutes
Type of Listening/Viewing	Format	Program
Location of Listening	Home, Office, Auto	Primarily Home, School and Some Office
Number of Formats	At Least Nine Distinct General Audience Formats	Instructional, Children, and General Audience Formats
Percent of Locally Produced Programming in Station Schedules	61 %	10 %
National Programming Marketplace	Increasingly decentralized	Increasingly centralized
CPB Grant Recipients	373	199
Major National Programming Affiliations of CPB Grant Recipients	APR & NPR = 55 % APR-only = 13 % NPR-only = 14 % Neither = 18 %	PBS = 99 % IPS = 84 %
Estimated Number of Non-CPB- Funded, Noncommercial, Non- Religious, and Non-Student Stations	361	1
Major National Programming Affiliations of Non-CPB-Funded, Noncommercial, Non-Religious, and Non-Student Stations	APR & NPR = 35 % APR-only = 3 % NPR-only = 6 % Neither = 56 %	NA
CPB National Programming Investment	\$19 million	\$49 million
Percentage of CPB National Programming Investment as Grants to Eligible Stations	75 %	0 %

For producers, the existing priorities means that CPB will fund a broader array of producers. One producer wrote, "It's critically important that priorities remain broad, to encourage the widest range of proposals from the widest range of applicants."

Not everyone agrees. Some stations and producers have contended that the existing priorities should be more specific. They maintain that CPB could fund virtually any current national program under the existing Radio Fund priorities. They believe that CPB should establish priorities that set a direction for national radio program production. And that necessarily means constraining the type of applications and funded projects.

Have CPB and the public radio system explored alternative, more specific priorities?

Yes.

During the just completed consultation, CPB explored with public radio different types of more specific priorities including appeal-driven, day-part, format, station, producer, and content specific priorities. The common goal of each of these priorities is for CPB to exercise leadership, concentrate scarce resources on a set agenda developed in consultation with the public radio system, and limit the range of applications it accepts and the projects it funds.

Consistent with the system's response in prior year consultations, few recommended that CPB develop more specific priorities. Management believes that this is because of the system's diversity. Stations, in particular, have concluded that the specification of one priority simultaneously means that some stations will not benefit from CPB Radio Program Fund selections. This prospect is reinforced by the CPB-funded Public Radio Programming Strategies report, summarized at the January board meeting, that detected at least nine identifiable groups of stations, each with different programming profiles.

This suggests that public radio's national programming needs are varied and complex. Focusing on one set of priorities may impede the ability to achieve others. Consequently, it is difficult to build a consensus around a single set of more specific priorities.

Can the existing priorities be sharpened?

Management thinks they can and is proposing two changes.

First, the existing priorities need to address CPB's and public radio's longstanding interest in diversifying public radio's audience. The CPB Board's interest in diversifying public radio's audience has been demonstrated, for instance, in the actions it has taken to assist in the expansion of public radio service in 1990 and in CPB's leadership role during the Public Radio Station Grants Review.

Second, as noted on page 4, CPB has applied each of the three existing priorities equally to each application. While each remains important, management believes that the Board should choose to direct that the most important priority is to increase and diversify public radio's audience.

How will the public radio system react to such priorities?

CPB management believes that most in the system will react favorably to these two changes. NPR recently wrote CPB about Radio Fund priorities. NPR said that "CPB should make grants for major programming vehicles with the potential for attracting large, new audiences for public radio." The National Federation of Community Broadcasters (NFCB) wrote that it "supports general priorities that can help diversify both the audience and the range of stations benefitting from the programming."

Despite the relationship with Public Radio Station Grants Review priorities, some will disagree. Critics will hold that emphasizing audience may be contrary to public radio's mission. For them, a more audience-driven Radio Fund would lead to a "funding by the numbers" approach to project selection. It could also lead to selection of relatively larger projects. They conclude that such a preference would be restrictive. They hold that such a priority would not permit diversity, serve listeners' social needs, or advance the medium. Management acknowledges the admonition about attaching too much importance to the "numbers." However, CPB must also ensure the effective and efficient allocation of scarce resources.