CORPORATION FOR PUBLIC BROADCASTING

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Memorandum

January 5, 1990

TO: CPB Board of Directors

FR: Frederick DeMarco
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THROUGH: Donald E. Ledwig

SUBJECT: FY 1991 STATION GRANTS REVIEW

In keeping with the legislative requirement and CPB practice, every year station managers, public television and radio station representatives, and CPB management and staff submit station grant related issues for system wide-consultation.

Each January, Management brings you the results of this consultation along with its recommendations for action. Except where noted, changes in the grant programs resulting from your action today would become effective on October 1, 1990 (FY 1991).

This report details the grant issues reviewed and provides Management's recommendations for the Television and Radio Community Service Grants Programs (CSG), the Radio National Program Production and Acquisition Grant Program (NPPAG), and the Radio Sole Service Assistance Grant Program (SSAG) to be administered in FY 1991.

Both this report and the Management report on public radio expansion dated January 1990 include recommendations for two new radio expansion grants and for a broader distribution of NPPAGs.

Review Issues:

FY 1991 Community Service Grant (CSG) issues are:

1. Should CPB increase the television minimum nonfederal funding source (NFFS) requirement from $300,000 to $450,000 to help ensure that current and future television grantees are financially viable?

2. To help with the goal of audience diversification:

   (A) Should CPB allow entities that hold the license for more than one station in the same market to earn the CSG with income from the nonCSG eligible stations?

   (B) Should CPB revise the network policy to require less repeat programming on network stations?

3. Would the goal of audience diversification be furthered if CPB were to provide grants to duplicative program services in the same markets?

4. Should the CSG criteria be changed to assist with radio expansion?

The FY 1991 National Program Production and Acquisition Grant (NPPAG) issue is:

1. Should CPB allow the NPPAG to be used to assist with the radio system's efforts to extend public radio programming into unserved areas and to under-served audiences regardless of whether the recipient is CSG eligible?

The FY 1991 Radio Sole Service Assistance Grant (SSAG) issue is:

1. Should CPB change the basis for determining the SSAG amount from a declining system-wide expense factor to a growing system-wide income factor?

Review Procedure

With advice and assistance from separate advisory committees for radio and television and from representatives of NAPTS, PBS, NPR, NFCB, and SRG, Management developed a discussion and options paper on each of the issues. These papers were disseminated to grantees and interested parties. The issues were discussed with local system representatives at various industry meetings throughout the past year. Comments on the discussion papers were solicited, recorded, and summarized for use as advice in developing Management's recommendations.

In addition, the Public Radio Expansion Task Force, the Alaska Public Broadcasting Commission and the Alaska Public Radio Network provided assistance with the NPPAG and SSAG issues. Management has incorporated that assistance in its decision-making process.

Attached is an Executive Summary of current and recommended policies for the issues raised. A detailed discussion of each issue and recommendation follows the Summary.

For your added information, the full text of current grant criteria for both radio and television, and brief histories of the CSG programs are appended.

FY 1991 STATION GRANTS REVIEW

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FY 1991 GRANTS REVIEW EXECUTIVE SUMMARY

CSG Issue One:

Should CPB increase the television minimum non federal funding source (NFFS) requirement from $300,000 to $450,000 to help ensure that current and future television grantees are financially viable?

Current:
To be eligible for the CSG, TV stations must report NFFS of at least $300,000.

Recommendation:
Increase minimum NFFS for TV to $450,000.

The recommended increase reflects the amount that would have resulted from annual CPI adjustments to the current NFFS minimum which became effective in 1983.

CSG Issue Two:

To help with the goal of audience diversification:

(A) Should CPB allow entities that hold the license for more than one station in the same market to earn the CSG with income from nonCSG eligible stations?

(B) Should CPB revise the network policy to require less repeat programming on network stations?

Current:

A. Income from nonCSG eligible stations may not be used to earn the grant regardless of who holds the license.

B. Network policy requires 75% repeated programming on stations in different markets.

Recommendation:

A. Allow it if the nonCSG station meets certain operational criteria.

B. Allow up to 50% different programming on network stations to help with program and audience diversification.

The operational criteria proposed would require stations to be managed and operated by the same professional staff as the CSG-eligible station and would require adherence to current CSG general audience programming criteria.

CSG Issue Three:

Would the goal of audience diversification be furthered if CPB were to provide grants to duplicative program services in the same markets?

Current:	**Recommendation:**
New applicants in areas served by CSG grantees must propose a substantially different program service.	Retain the policy, but reword it to focus on audience diversification as its purpose.

The recommendation would remove CPB from program involvement criticisms and would require applicants to have an audience building track record prior to CPB's investment.

CSG Issue Four:
Should the radio CSG criteria be changed to assist with radio expansion?

Current:	**Recommendation:**
All CSG recipients must meet identical criteria.	Do not change criteria, but create two new radio grant programs to assist with expansion.

The recommendation would allow CPB to retain its leadership role in helping to advance the standards of operational quality among stations while simultaneously allowing for a broader dissemination of public radio programming.

NPPAG Issue:

Should the NPPAG be used to assist with the radio system's efforts to extend public radio programming into unserved areas and to under-served audiences?

Current:
Restricted to use for acquiring, producing, and/or promoting national radio programming by CSG recipients only.

Recommendation:
Retain national program restrictions, but allow use by certain nonCSG recipients that wish to acquire, produce and/or promote national programs.

The recommendation would allow for broader dissemination of public radio programming, thereby increasing the potential for audience growth and diversification.

SSAG Issue:

Should the basis for determining the SSAG amount be changed in FY 1991?

Current:
The SSAG amount is set to be equivalent to the cost of full participation in the public radio satellite system. The grant is unrestricted.

Recommendation:
Make the SSAG equivalent to the NPPAG base grant amount plus the minimum satellite distribution and interconnection fee amount.

The recommendation would ensure that stations have an increasing, rather then declining, ability to acquire public radio programming because the NPPAG base grant has greater potential to remain stable or to increase each year, whereas the cost of participation in the satellite system has a greater potential for reduction each year. Funds for the grant would come from the CSG allocation, not from the NPPAG allocation.

FULL DISCUSSION

FY 1991 CSG REVIEW

CSG Issue One:

Should CPB increase the television minimum nonfederal funding source (NFFS) requirement from $300,000 to $450,000 to help ensure that current and future Television grantees are financially viable?

Current:	Recommendation:
To be eligible for the CSG, TV stations must report NFFS of at least $300,000.	Increase minimum NFFS for TV to $450,000.

Discussion:

The current minimum NFFS level was set in 1983. The projected TV base and uniform grant for FY 1991 ($290,000) will nearly equal the $300,000 minimum NFFS needed to qualify for the grant.

Management and the majority of the respondents agree that to be financially viable, a full-service CSG-eligible public television station must have more than $300,000 NFFS per year to operate. Grantees should be encouraged periodically to increase their minimum levels of support in order to remain financially viable.

The Television Advisory Committee suggested several options for changing the minimum NFFS, including:

- annual increases based on CPI index
- one-time-only arbitrary increase, then annual CPI-indexed increases
- one-time-only increase based on compounded CPI from date current minimum became effective ($88,000 plus current minimum)
- one-time-only increase based on lowest NFFS projected to be reported by current grantees in 1991 ($450,000)
- compounded rate of NFFS increase reported by grantees between 1983 and 1990 added to current minimum ($700,000)

Management Recommendation:

At the current rate of NFFS growth, no current grantee is projected to report less than $450,000 at the end of FY 1991 and all known potential grantees are projecting NFFS of $500,000 or more in the first year of operation.

Management believes the $450,000 minimum NFFS level is a reasonable step in support of the CPB policy of ensuring that current and future TV grantees are financially viable. That amount was selected by the majority of the system respondents.

At this time, Management recommends against automatic annual increases, because that might be detrimental to the development of new stations. However, the minimum NFFS level should be reviewed every three years to ensure that it remains relevant.

System Response:

The respondents represented 33% of the system. The majority of those respondents agreed that the minimum NFFS should be increased above the current $300,000 requirement to more accurately reflect the cost of minimum CSG qualification. The level of NFFS most often suggested by respondents was $450,000.

CSG Issue Two:

To help with the goal of audience diversification:

(A) Should CPB allow entities that hold the license for more than one station in the same market to earn the CSG with income from the nonCSG eligible stations?

(B) Should the network policy be revised to require less repeat programming?

Stations described in these issues are referred to as dual licensed stations.

Current:

A. Income from nonCSG eligible stations may not be used to earn the grant regardless of who holds the license.

B. Network policy requires 75% repeated programming on stations in different markets.

Recommendation:

A. Allow it if the nonCSG station meets certain operational criteria.

B. Allow up to 50% different programming on network stations to help with program and audience diversification.

Discussion:

A.

Current policy does not allow multiple station licensees operating separately programmed nonCSG-eligible stations in the same market with their CSG-eligible stations to earn the grant with income from their nonCSG-eligible stations.

Several station managers have requested a reconsideration of the policy. They indicate that allowing consolidation of income from separately programmed stations could increase diversity and attract new audiences. They also indicate that it would be more cost-effective to the system to consolidate income from such stations than to provide full grants to them if they attain full criteria.

B.
The network policy (separate market, dual licensed stations repeating at least 75% of the main station) was developed to encourage existing grantees to extend their signals into unserved areas and to provide local programming services designed to meet the needs and interests of those areas for a portion of the broadcast time.

Some station managers have requested a reconsideration or elimination of the requirement for repeat programming, indicating that local programming increases programming and audience diversity.

Management Recommendation:

A.
Management and the majority of the respondents agree that, with certain minimum operational criteria, separately programmed stations in the same market could assist with diversification of public broadcasting services and audiences.

Minimum operational criteria must be required of such stations because only stations that meet criteria established by CPB, in consultation with the system, may receive and use the grant. Based on advice received from the system, Management proposes the following criteria:

> Such stations must be managed and operated by the same staff as the CSG-eligible station and must exist to provide high quality programming services to the general public.
>
> Stations that are closed circuit, low power, student managed, and/or that provide in-service training type programming to licensee employees, clients, and/or representatives are not eligible.

B.
Management believes the required amount of repeated broadcasts can be adjusted downward from 75% to 50% to assist with the goal of programming and audience diversity. The repeat requirement should be retained to ensure that the network station receiving grant funds continues, in essence, to be an extension of the main station.

This recommendation will assist with the goal of program and audience diversity as well as with the goal of signal expansion.

System Response:
Respondents to these issues represented 33% of the TV system and 26% of the radio system.

The television respondents had no consensus on Issue A, but indicated that the requirement for network stations to repeat at least 75% of the main station programming should be retained (Issue B) to avoid providing grants to stations that do not meet the criteria.

Radio respondents were in favor of Issue A only if the second station meets some operational criteria. They were in favor of reducing the amount of repeat programming required on network stations (Issue B), but suggested that operational criteria should adhere if the percentage of repeats was less than 50%.

CSG Issue Three:

Would the goal of audience diversification be furthered if CPB were to provide grants to duplicative program services in the same markets?

Current:	**Recommendation:**
New applicants in areas served by CSG grantees must propose a substantially different program service.	Retain the policy, but reword it to focus on audience diversification as its purpose.

Discussion:

The current nonduplication policy encourages diversity by requiring new grantees in served markets to propose a substantially different program service if a CSG recipient is in the market already. Definition of "substantially" is left to the discretion of the applicant.

Those in favor of keeping the policy indicate that CPB has a fiduciary and public policy responsibility to encourage diversity. They also note that the policy acts as protection against competition for currently qualified stations.

Opponents of the current policy indicate that CPB should not influence or encourage stations to adhere to any type of programming criteria. They say the marketplace can determine what is the most viable service in a given area.

Beyond requiring different programming, the current policy does not require a certain type of programming on any station. The rationale for requiring different programming was based on the premise that different programming would attract diverse audiences.

Management continues to hold with that premise and believes the CPB fiduciary responsibility would be served best if it did not fund largely duplicative services in the same market. However, Management believes that the purpose of the policy should be more explicit.

The nonduplication policy offers a preference for public stations wishing to provide programming services that will increase and diversify the audience. It is concerned with audience building and diversification. The revised language recommended by Management focuses more directly on that purpose.

Management Recommendation:

Management recommends retaining the nonduplication policy. However, the policy should be rewritten to emphasize its purpose as assisting with the diversification and increase of public broadcasting audiences. Management suggests the following language for the nonduplication policy:

> "To promote the diversification and growth of the public broadcasting audience, new applicants, in areas where CSG-eligible stations already exist, will be required to show that a **different audience** is being served.
>
> New applicants in communities where CPB-supported stations already exist must provide audience data showing that the programming has a different audience appeal. The proof of that different appeal shall be at least a **25% unduplicated weekly cume audience**. That showing must be made again in the second year of eligibility prior to receiving the grant. No audience data will be required after the second year of eligibility."

Management is aware that in some cases, new applicants may have to be on the air for as long as one year before audience data becomes available and/or before they are able to show a different audience. We believe a waiting period will help ensure the viability of such stations by requiring the marketplace to demonstrate its support of the programming services before CPB makes an investment.

Additionally, requiring the new applicant to present unduplicated audience data for the first two years of its eligibility will help ensure the consistency of the service and its audience. Such an extended track record of service should reduce the likelihood of precipitous schedule changes soon after receipt of the grant.

System Response:

The majority of the respondents suggested that the nonduplication policy should be retained and monitored more closely.

CSG Issue Four:

Should the radio CSG criteria be changed to assist with radio expansion?

Current:	Recommendation:
All CSG recipients must meet identical criteria.	Do not change criteria, but create two new radio grant programs to assist with expansion.

Discussion:

The current criteria are attached.

For several years, CPB was directly involved with radio expansion through its Coverage Expansion Grant program which provided start-up funds on a competitive basis for new stations in unserved areas. After a multi-year period, the stations were required to meet the CSG criteria levels.

Due to limited appropriations in the early 1980s, CPB's direct funding of expansion efforts was curtailed after system consultation and concurrence.

For the past few years, public radio has been discussing and studying options both for diversifying and increasing its audience and for extending public radio signal coverage to at least 90% of the population. CPB has been involved in those discussions and studies.

Additionally, Management has undertaken in-depth consultations with radio system representatives about what role, if any, CPB could play in the effort. A progress report presented to you in September 1989 indicated the goals Management recommended for CPB's involvement. Management's recommended activities in support of those goals are detailed in the public radio expansion report dated January 5, 1990.

The recommended new radio station grant programs are summarized here and are detailed in the public radio expansion report dated January 5, 1990. That report also includes discussion of possible CPB expansion activities beyond the station grants programs.

Management Recommendation:

Retain the current minimum criteria for CSG eligibility.

Establish two new radio grant programs to assist with radio expansion over the next five years. A decision about continuing these expansion related grant programs will be made at the time of the FY 1996 grants review.

1. Program Acquisition Grants:

Purpose: To enable eligible stations to access and extend the reach of public radio programming and to increase audiences for that programming. The funds would be used to acquire programming from the public radio national programming marketplace.

Eligibility: Any licensed noncommercial radio station that is on the air with general audience, nonreligious, programming that meets the CSG program criteria; that is interconnected to the public radio satellite system; and that is not licensed to the same entity as, or a repeater of, a CPB-supported station would be eligible for this grant.

Amount: The grant amount would be equivalent to the base NPPAG grant plus the minimum annual public radio satellite distribution and interconnection fee.

Funds for this new grant program would come from the National Program Production and Acquisition Grant (NPPAG) allocation.

This new grant program is expected to require less than 10% of the NPPAG allocation over a five-year period.

2. Station Development Grants:

Purpose: To assist with the establishment of new stations in unserved areas, to assist with the diversification of services in served areas, and to encourage ethnic diversity in public radio station control and operation.

Eligibility: A minimum operational level would be required. Stations would have to increase their operational levels each year until current CSG criteria are attained. Stations failing to meet each annual operational level would not be eligible for continued funding under this program, but, after a 24-month waiting period, such stations could be eligible for funding under the Program Acquisition Grant program. Stations could stay in this grant program for no more than five years before moving up to the CSG program.

As a special assistance to the development of minority controlled and operated stations, Management proposes that they meet the same criteria as nonminority stations, but that they have a seven-year period over which to achieve them. Minority stations could count full-time-equivalent staff toward the staffing requirements. Minority stations failing to meet the operational targets would be eligible for Program Acquisition Grants after a 12-month waiting period.

Amount: The grant amount for such stations would vary with the level of criteria attained, but at no time would the amount exceed the full CSG and NPPAG base grants.

Funds for this new grant program would come from the CSG and NPPAG allocations. The new grant program is expected to require less than 15% of the total CSG and NPPAG allocation over a five-year period.

Since all CPB funds specifically designated for radio stations are allocated to the existing grant programs, Management believes it is appropriate for a portion of those funds to be used to assist stations that could meet the radio system goals of (1) service to unserved audiences, and (2) service to diverse audiences.

The recommendation offered could accomplish those ends without retarding the growth of existing grantees.

FY 1991 NPPAG Review

Each year since the inception of the NPPAG Program, Management has presented a recommendation on the allocation of radio programming funds to that grant program. With the enactment of the 1988 Public Telecommunications Act, the NPPAG became mandated and the allocation of national radio programming funds to be distributed through the grant mechanism was codified at 23 percent of the amounts allocated for direct support of public radio stations. Thus, the need for Management to recommend an allocation between the CSG, the NPPAG, and the CPB Radio Program Fund was eliminated.

Nevertheless, there continues to be a need to review the NPPAG grant eligibility criteria and distribution formula, and to analyze the use of the grant funds to determine if additional program selection priorities are required.

The NPPAG review process followed the same procedure and time frame as the CSG review. Issues were solicited from all segments of the radio system. One issue was submitted for review regarding eligibility for the NPPAG.

Following the issue discussion is a summary of the NPPAG uses as reported by stations on FY 1987 final reports. Stations are currently submitting final reports on their FY 1988 NPPAGs. Management will provide an analysis of those reports when all information is available.

NPPAG Issue:

Should the NPPAG be used to assist nonCSG recipients to extend public radio programming into unserved areas and to diverse audiences?

Current:
Restricted to use for acquiring, producing, and/or promoting national radio programming by CSG recipients only.

Recommendation:
Retain national program restrictions, but allow use by certain nonCSG recipients that wish to acquire, produce, and/or promote national programs.

Discussion:

Currently, the NPPAG is available only to CSG grantees.

Since its inception in 1987, 95% of all NPPAGS have been used by stations to acquire national programming from major national suppliers such as NPR and APR.

Some respondents indicated that the NPPAG might be used to fund all of the CPB radio expansion activities. But, since the grant is restricted to the acquisition and production of national programming, it could assist only with radio expansion activities devoted to the broader dissemination of public radio national programming.

Some nonCSG eligible stations have indicated that their need for national programming assistance is not as great as their need for ongoing assistance with local programming. Some others have indicated that the addition of national programming might help with local fund-raising efforts.

NFCB, APRN and many of their member stations note that helping nonCSG stations to afford costs associated with the access fees for national programming in addition to the cost of accessing the interconnection system would be a major demonstration of CPB support for radio expansion.

Management Recommendation

Management agrees that the extension of national programming to unserved and diverse audiences would assist with the goals of public radio expansion. Therefore, we recommend extending the use of NPPAG funds to public radio stations that are interconnected to the public radio satellite system and that are eligible to receive one of the annual CPB radio support grants.

Such use would assist with the goals of broader dissemination of national programming and audience building and diversification. This recommendation is projected to require less than 15% of the NPPAG allocation over a five-year period.

Analysis of NPPAG Use

The final reports on FY 1987 NPPAGs showed no significant deviations from uses reported on an interim basis after the first year of the Program:

	FY 1987 Interim	FY 1987 Final	Change
National Programming	97%	95%*	-2%
Promotion	.3%	1%	+.97%
Distribution			

* National Programming Breakdown:

89% of the funds were used to acquire programs from national program distributors such as NPR, APR, the Radio Foundation, SECA, etc. and includes acquisitions from independent producers under contract to those distributors.

1% of the funds were used for acquisitions directly from independent producers acting as their own distributors.

5% of the funds were used to produce national programs at stations. That amount includes programs produced by independent producers under contract to stations.

The reduction in national programming from the interim to final reports reflects actual versus estimated use.

FY 1991 SSAG Review

Issue:

Should CPB change the basis for determining the SSAG amount from a declining system-wide expense factor to a growing system-wide income factor?

Current:
The 1990 SSAG amount is equivalent to the cost of full participation in the public radio satellite system. The grant is unrestricted.

Recommendation:
Make the SSAG annual grant amount equivalent to the NPPAG base grant plus the minimum radio satellite distribution and interconnection fee.

Discussion:

With Board approval, CPB established the Sole Service Assistance Grant program in March 1989. The purpose of the grant is to assist in the operational efforts of general audience, noncommercial radio stations that provide the only full power broadcast service to their communities of license.

The basis for determining the first and second year (FY 1989 and FY 1990) grant amounts was the cost of full participation (not including the cost of hardware) in the public radio program interconnection system (currently $7,700). That is an actual system cost that is shared by all interconnected public radio stations.

In FY 1989 and FY 1990, funds for the SSAGs came from CPB discretionary income. Beginning in FY 1991, SSAGs will be funded from the CSG allocation. This grant program is projected to require less than one percent of the CSG allocation.

To ensure that the SSAG amount would be determined objectively (as are all other CSG and NPPAG grant amounts), Management recommended basing it on an actual system cost that potentially could be shared by all public radio stations and that reflect CPB's preference for funding activities that increased the programming choices for a community. Recipients were not required to use the grant for the interconnection costs. The SSAG grant has the same type of unrestricted qualities as the CSG.

Public radio representatives and some SSAG stations have requested that CPB consider using other factors when establishing SSAG levels. Among the recommendations are:

Suggested Basis	FY 91 Projected Amount
1. CSG and NPPAG Base only:	$30,000
2. CSG and NPPAG Incentive grants factors:	17% of NFFS
3. NPPAG base only:	$ 8,000
4. CSG base only:	$22,000
5. Equal grants of:	$10,000

Management projects a potential of 25 SSAG stations in the FY 1991 grant program. Currently, there are 18 known potential SSAG grantees.

Management Recommendation:

Management believes its original proposal to base the SSAG amount on an actual system activity rather than on an arbitrary basis remains valid. However, to avoid the problems associated with possible downward fluctuations in system costs, Management proposes changing the basis for determining the SSAG amount to a standard system income source.

Management recommends setting the annual SSAG amount as the equivalent of the NPPAG base grant plus the equivalent to the minimum public radio satellite distribution and interconnection fee.

The resulting annual SSAG amount (roughly $10,000 per station) would be sufficient to cover access fees for the public radio satellite system, and to buy rights to many national programs if the stations choose. Additionally, the amount would allow the stations to have significant funds to enhance local programming and programming operations.

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Qualification Criteria for
Television Community Service Grants

A. ELIGIBLE GRANTEE

For the purpose of this grant criteria statement, an "eligible grantee" shall be defined as a full power on-the-air (UHF or VHF) station operating under a noncommercial educational license granted by the FCC, which meets all the criteria set forth below.

B. CRITERIA

(1) **MANAGEMENT:** Each grantee must have a staff headed by a manager or other chief executive officer who:

(a) has the responsibility and authority to determine when and what material shall be broadcast over the station; and

(b) has the responsibility and authority to administer disbursements under a budget authorized by the governing board of the licensee.

(2) **STAFF:**

(a) Each grantee must have no less than ten staff, which includes: five full-time staff with regular health benefits, one of which is the manager or chief executive officer, **AND** the equivalent of five additional full-time personnel, paid no less than the minimum federal hourly wage. The term "full-time" will be understood to be the number of hours that constitute the normal acceptable work week at each institution or station. Likewise, each "equivalent full-time" position will mean equal to the number of hours for a normal work week at each station.

(b) Minimum staff cannot be paid with CSG funds.

(c) Persons employed on a non-permanent basis, such as on a public service employment training program grant or a CPB training grant, cannot be considered full-time professional television station staff to meet this criteria.

(d) Personnel used to meet the five full-time staff requirement may not teach or hold academic duties in excess of the equivalent of one three-credit-hour course per quarter or semester.

(3) **JOINT OR DUAL LICENSEE:** When more than one grantee is operated by one licensee, each such grantee in addition to the above, must be headed by a manager or other chief executive officer who reports directly to the governing board of the licensee; or in the case of university licensees, each general manager should report on an equal basis to the next level of governing superiors.

(4) **NONFEDERAL INCOME:** Each grantee must have a minimum non-federal annual income of $300,000, and must be able to prove the financial viability of the station, prior to qualification.

(5) **STUDIO/PRODUCTION FACILITIES:** Each grantee must have studio and production facilities and regularly produce and broadcast locally originated programming.

(6) **BROADCAST OPERATIONS**

(a) During the first full year of on-air operation commencing immediately following issuance of Program Test Authority, the station must broadcast on a minimum schedule of six days per week, fifty-two weeks per year, for a total of at least 2,500 hours or 48 hours a week; and

(b) during the second full year of operation and in all succeeding years, the station must broadcast on a schedule of seven days per week, fifty-two weeks per year, for a total of at least 3,000 hours or 58 hours a week.

(7) **PROGRAMMING:**

(a) The station's daily broadcast schedule must be devoted primarily to programming of good quality which serves demonstrated community needs of an educational, informational and cultural nature, within its primary signal area.

(b) A program schedule designed to further the principles of religious philosophies does not meet the definition of this criterion.

(c) Stations licensed to political organizations do not meet the definition of this criterion.

(d) CPB will provide CSG assistance to all eligible television stations that meet current criteria regardless of overlapping broadcast signals. However, a grantee seeking qualification in a market where a CPB-qualified television station already exists must demonstrate the intention to provide a substantially different program service or a new service to a substantial number of unserved homes. For the purpose of this criterion, counter-scheduling programs already available from a CPB-qualified station in the market does not, by itself, constitute a substantially different service.

C. **SPECIAL PROVISIONS**

(1) CPB-qualified stations must maintain financial books and records in accordance with generally accepted accounting principles.

(2) Stations that fail to file the CPB Annual Financial Report and/or the CSG Final Report and/or an audited financial statement by the applicable deadlines without benefit of an extension shall be penalized at the rate of 1/365 of the next coming grant for each day the reports remain outstanding. This policy may be waived for good cause at the discretion of CPB management.

(3) CSG recipients are expected to use accrual basis accounting methods consistent with provisions detailed in the CPB publication Principles of Accounting and Financial Reporting for Public Telecommunications Entities. Expenses charged against CSGs using a cash basis accounting system may vary from expenses recognized on an accrual basis and might not be allowed under the terms of the grant.

(4) CSG recipients could be required to refund CSG funds if inappropriate accounting methods are used and if inappropriate NFFS claims are submitted.

(5) Stations found to be out of compliance with the CSG criteria beyond the normal probation period without benefit of a waiver shall be penalized at the rate of 1/365 of the next coming grant for each day of non-compliance. This policy may be waived for good cause at the discretion of CPB management.

(6) Stations qualified to receive the CSG must maintain open records, must hold open meetings, and if licensed to a community organization, must have a community advisory board in addition to the governing board. Reasonable notice of the meetings must be provided to the general public.

(7) All licensees and stations receiving funds from CPB must be in compliance with applicable regulations regarding equal employment opportunities.

(8) Stations in joint operations (radio/television) must be individually qualified to benefit from the CSG.

(9) To benefit from the CSG, dual operations (radio/radio or television/television) licensed to the same organization must be individually qualified for CPB assistance under the following conditions:

(a) Each station must separately meet all CSG eligibility criteria.

(b) Each station must provide a separate and distinct program service for the community of license.

(10) For the purposes of CSG administration, networks consist of at least two dual licensed stations. Their operations may be consolidated to earn a single CSG under the following conditions:

(a) The stations (transmitters) serve separate communities.

(b) The majority (no less than 75%) of the broadcast schedule for each station originates from a central network source.

(11) Stations found by the FCC to be in violation of applicable rules and regulations shall be considered ineligible for grant funding for the duration of the period of violation.

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Qualification Criteria for
Radio Community Service Grants

A. ELIGIBLE GRANTEE

For the purpose of this grant criteria statement, an "eligible grantee" shall be defined as an on-the-air (AM or FM) station operating under a noncommercial educational license granted by the FCC, which meets all the criteria set forth below.

B. CRITERIA

(1) **LICENSING AND POWER:** The station must be designated by the FCC as a noncommercial, educational radio station. The station must have transmitter power sufficient to provide primary signal coverage in the community of license.

(2) **MANAGEMENT AND STAFF:**

(a) A minimum of five full-time professional radio station staff must be employed on an annual (12 month) basis. At least three full-time staff members should be employed in managerial and/or programming positions. Minimum staff cannot be paid with CSG funds.

(b) Full-time, professional, radio station staff includes permanent personnel with demonstrated skill and expertise in the management, programming, production, promotion, development, or engineering areas of radio station operation, paid no less than the minimum federal hourly wage plus regular health benefits, whose terms of employment require the exercise of full-time duties in one or more of these areas. The term "full-time" will be understood to be the number of hours that constitute the normal acceptable work week at each institution or station.

(c) Custodial and clerical staff, students whose student status is a condition of employment, interns and trainees, do not meet the definition of this criterion, nor do personnel teaching or holding academic duties in excess of the equivalent of one three-credit-hour course per quarter or semester.

(d) Persons employed on a non-permanent basis, such as on a public service employment training grant, cannot be considered full-time professional radio station staff to meet this criterion.

(3) **FACILITIES:** A station must have sufficient, professionally equipped on-air and production facilities to allow for broadcast of programming of high technical quality including the capability for simultaneous local production and origination. In addition, sufficient office space must be provided.

(4) **BROADCAST OPERATIONS:** The station's minimum operational schedule must be 18 consecutive hours per day, 365 days per year. However, AM stations which are restricted by the terms of their licenses to less than the minimum broadcast schedule required by the CPB policy will be eligible for assistance if all other criteria are met.

(5) **PROGRAMMING:**

(a) The station's daily broadcast schedule must be devoted primarily to general audience programming of good quality which serves demonstrated community needs of an educational, informational, and cultural nature, within its primary signal area.

(b) A program schedule designed to further the principles of religious philosophies does not meet the definition of this criterion.

(c) A program schedule designed primarily for in-school or professional in-service audiences does not meet the definition of this criterion.

(d) Stations licensed to political organizations do not meet the definition of this criterion.

(e) Radio applicants in areas already served by a CPB-qualified radio station must propose a substantially different program service from the existing CPB-qualified station(s) in the area and clearly identify the varying needs and interests of the audience to be served. For the purpose of this criterion, counter-scheduling programs already available from a CPB-qualified station in the market does not, by itself, constitute a substantially different service.

(f) The station must originate a significant, locally produced program service designed to serve its community of license.

(6) **NON-FEDERAL INCOME:** Each grantee must have a minimum non- federal annual income of $150,000, and must be able to prove the financial viability of the station, prior to qualification.

C. SPECIAL PROVISIONS

(1) CPB-qualified stations must maintain financial books and records in accordance with generally accepted accounting principles.

(2) Stations that fail to file the CPB Annual Financial Report and/or the CSG Final Report and/or an audited financial statement by the applicable deadlines without benefit of an extension shall be penalized at the rate of 1/365 of the next coming grant for each day the reports remain outstanding. This policy may be waived for good cause at the discretion of CPB management.

(3) CSG recipients are expected to use accrual basis accounting methods consistent with provisions detailed in the CPB publication Principles of Accounting and Financial Reporting for Public Telecommunications Entities. Expenses charged against CSGs using a cash basis accounting system may vary from expenses recognized on an accrual basis and might not be allowed under the terms of the grant.

(4) CSG recipients could be required to refund CSG funds if inappropriate accounting methods are used and if inappropriate NFFS claims are submitted.

(5) Stations found to be out of compliance with the CSG criteria beyond the normal probation period without benefit of a waiver shall be penalized at the rate of 1/365 of the next coming grant for each day of non-compliance. This policy may be waived for good cause at the discretion of CPB management.

(6) Stations qualified to receive the CSG must maintain open records, must hold open meetings, and if licensed to a community organization, must have a community advisory board in addition to the governing board. Reasonable notice of the meetings must be provided to the general public.

(7) All CPB-qualified stations must be in compliance with applicable regulations regarding equal employment opportunities.

(8) Stations in joint operations (radio/television) must be individually qualified to benefit from the CSG.

(9) To benefit from the CSG, dual operations (radio/radio or television/television) licensed to the same organization must be individually qualified for CPB assistance under the following conditions:

(a) Each station must separately meet all CSG eligibility criteria.

(b) Each station must provide a separate and distinct program service for the community of license.

(10) For purposes of CSG administration, networks consist of at least two dual licensed stations. Their operations may be consolidated to earn a single CSG under the following conditions:

(a) The stations (transmitters) serve separate communities.

(b) The majority (no less than 75%) of the broadcast schedule for each station originates from a central network source.

(11) Stations found by the FCC to be in violation of applicable rules and regulations shall be considered ineligible for grant funding for the duration of the period of violation.

D. QUALIFICATION PROCEDURES

Stations which meet the minimum requirements of the criteria outlined herein may contact CPB for a qualification survey.

Qualification surveys are accepted for review throughout the year; however, stations wishing to be included in the next coming grant year which begins October 1 and ends September 30, must submit a qualification survey by **May 1.**

TELEVISION COMMUNITY SERVICE GRANTS
1969 - 1990

FY	Basic Grant*	No. of Grantees	Remarks
1969	10,000	117	o Equal grant to all eligible grantees.
1970	12,500	123	o Grants were based on operating budget ranges with an increased basic in 1972.
1971	12,500	129	
1972	20,000	134	
1973	20,000	149	o Each grantee received a basic grant plus a variable grant which was based on its proportional share of three measurements: population covered by Grade A signal, adjusted income and non-tax income.
1974	50,000	152	
			o Ceiling: $45,098 for FY 1973 and $163,000 for FY 1974.
1975	64,066	155	o Each grantee received a basic grant plus a variable grant, which was based on grantee's proportional share of population served and income.
			o Ceiling: $650,000. In addition, no grantee received an aggregate grant in excess of 50% of its reported NFFS.
1976	96,000	157	o The basic grant was calculated at .10 of one percent of the total federal appropriation to CPB. 1976 included a Transition Quarter. 1978 included a supplemental appropriation.
1977	103,000	158	
1978	119,200	162	
			o The incentive grant was based on grantee's proportionate share of the non-federal financial support (NFFS) received by all grantees during the second preceding fiscal year.

FY	Basic Grant	No. of Grantees	Remarks
1978(con.)			o The largest CSG was limited to a ceiling of 70% of the formula grant that would be payable in the absence of a ceiling at the $70 million appropriation level, rising proportionately to 80% at the $80 million level, 90% at the $90 million level, and terminating such ceiling at the $100 million appropriation level. Such ceiling limits were established in the CPB Board resolution approving the 1976 formula, and were terminated in 1977, when the appropriation reached $103 million.
1979	120,200	165	o Grants comprised of three components: a basic grant, a uniform grant, and an incentive grant.
1980	152,000	171	
1981	162,000	174	
			o Basic Grant: $10,000 for each grantee.
			o Uniform Grant: Equal to all CPB-qualified grantees, and calculated at .10 of one percent of the CPB appropriation, minus $10,000.
			o Incentive Grant: Calculated as in fiscal years 1976-1978 except no grant could be more than 50% of a station's reported NFFS.
			o No grant ceiling.
1982	206,400	174	o Uniform grant changed to .12 of one percent of total appropriation, minus $10,000. 50% rule abolished in 1983. 1984 and 1985 included supplemental appropriations.
1983	164,400	178	
1984	165,000	177	
1985	180,600	181	
1986	191,400	181	
1987	240,000	183	
1988	256,800	185	
1989	273,600	187	
1990	264,381	194	o Appropriation reduced by 5.3%.

RADIO COMMUNITY SERVICE GRANTS
1970 - 1990

FY	Basic Grant	No. of Grantees	Remarks
1970	$7,500	80	o Equal grant to all eligible stations.
1971	7,500	99	o Grants according to station's level of eligibility. Six levels of eligibility were identified.
1972	7,500	119	o Level plan continues.
1973	7,500	141	o Level plan continues.
1974	9,000	156	o New eligibility level plan with higher levels and increased grants.
1975	11,550	165	o Level plan continues. o Incentive grants of $20,000 to be used for public awareness and/or development purposes.
1976	5,087	165	o 1976 reflects Transition Quarter funds. Grantees used bulk of 1976 pool to acquire satellite system.
1977	22,800	172	
1978	25,245	185	
1979	26,550	195	o Each qualified station eligible for basic grant, adjusted each year at a rate of $100 per $1 million increase in CPB appropriation from the FY 75 level of $62 million. o Station NFFS reported over minimum received an incentive grant proportionate to its share of the system's total NFFS. o Bonus grants were awarded to stations active in one or more of the areas of fundraising, public awareness, and public participation. Stations engaged in one area received a bonus equal to 25 percent of their incentive grant; two areas 50 percent; all areas 100 percent.

History (1970-1990) con.

FY	Basic Grant	No. of Grantees		Remarks
1980	29,730	202	o	Basic grants no longer increase automatically with appropriation increase.
1981	30,730	214	o	Bonus funding eliminated.
1982	27,865	231	o	Incentive grants still based on NFFS above minimum.
1983	10,815	258	o	Basic grant funded from 18 percent of CSG pool.
1984	13,773	270	o	In 1983 incentive grant based on total station NFFS.
1985	16,187	273	o	Basic grant funded from 20 percent of the total CSG pool.
1986	16,953	288		
1987	21,550	294		
1988	22,844	299		
1989	23,627	310		
1990	22,177	313	o	Appropriation cut by 5.3%.