



CORPORATION FOR PUBLIC BROADCASTING

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January 5, 1990

TO:            CPB Board of Directors

FROM:        Frederick DeMarco *FDM*  
              Augustine Dempsey *ad*

THROUGH:   Donald E. Ledwig *Donald Ledwig*

SUBJECT:     Public Radio Expansion

Background

Since 1988, the public radio community has held building its audiences as one of its primary goals. As an outgrowth of that goal, the system has engaged itself in discussions about the need to extend public radio signals into unserved areas and about the need to diversify the audience for public radio programming.

Management has been following the system discussions and has been studying CPB's options for assisting stations with the goal of audience building.

In FY 1989, the audience building focus sharpened, to concentrate on the audience building potential of both signal extension into unserved areas and diversification of the public radio audience. Toward that end, CPB Management has undertaken a year-long study of how, if at all, CPB could assist with the expansion of the radio system to effect the audience building goal.

As a result, we have determined that CPB should remain directly involved in service expansion. Furthermore, we have determined that CPB's involvement must be corporate-wide, given the broad range of activities to be accomplished. Thus, the proposals included in this report reflect the input and joint deliberation of the Programming, Station Relations, Government Affairs, Budget, Corporate Communications, and Policy Development and Planning staffs.

It should be noted that this report does not constitute the full extent of CPB's involvement with system expansion. We only have provided here information about the proposed radio expansion activities and highlighted major existing activities that have direct impact on radio expansion. However, all of the system support and programming activities in which we are engaged have direct or indirect impact on furthering the goals of full system development.

CPB Goals and System Expansion

During its history, CPB has usually been the primary, sometimes the only, public broadcasting entity capable of encouraging system growth, development, and expansion nationwide. It has done so with these principles in mind:

- A public radio signal should be within the reach of as many Americans as feasible;
- Public radio service should meet high professional standards to ensure that listeners are served with important, intelligent, valuable, stimulating, innovative, and entertaining programming;
- National distribution of programming, and the production of programming for national distribution, should complement local resources to ensure both the economic and the programmatic viability of public radio services; and
- Public radio should reflect and serve the diverse cultures that constitute local audiences and the American people as a whole.

To work toward these goals, CPB has regularly employed both economic and programmatic strategies, developed in consultation with the stations. Under CPB's stewardship, the public radio system has grown from 70 stations to more than 300 stations, reaching 86 percent of the American people. At the local level, the typical staffing and operations of public radio stations have improved markedly, keeping pace with the eligibility criteria for Community Service Grants and other assistance.

Just as important, CPB provided the seed funding for All Things Considered and Morning Edition. Moreover, CPB's leadership has given impetus to the current market-based arrangements for public radio program distribution, which has permitted stations to assume full financial responsibility for these cornerstone programs. In turn, CPB can now focus its direct program investments on establishing new programs and programming streams to serve diversified audiences. Now, perhaps more than anything else, public radio must pursue strategies for significant diversification, and CPB can again provide leadership.

This is the economic and programmatic framework within which system expansion and diversification will occur.

Targets for CPB

At your September 1989 meeting, Management presented an interim report on the progress of our expansion studies. We informed you that we were participating with the Ad Hoc Public Radio Expansion Task Force (PRETF). The report of that group is in your Board book.

Management has reviewed that report and finds that the task force's recommendations are consistent with the specific areas of potential direct involvement by CPB that we described to you at your September 1989 meeting, namely:

1. Assist with the establishment of new public radio stations or the extension of distant public radio signals into unserved areas that have the population and economic base to reasonably support the service.

Purpose: The establishment of public radio signals in unserved areas.

2. Assist in the provision of diversified programming services to or by public radio stations.

Purpose: Increased audiences, diversified program services and broader dissemination of programming.

3. Assist minority-controlled public radio stations to maintain and improve programming services.

Purpose: Broader dissemination of programming, diversified audiences, encouragement of minority-controlled stations, response to Congressional interest.

Management Recommendations

As a result of our expansion studies, grants review, and our participation with the PRETF, Management recommends that you establish two new radio station grant programs, two expansion related projects, and that you authorize the extension of certain existing CSG grantee benefits to expansion stations. Also, Management recommends that you approve the undertaking of certain program and audience diversification research efforts that would contribute to the expansion goal.

Management believes that this package of initiatives is consistent with the principles that CPB has applied to expansion over two decades and with the specific short-term targets for CPB involvement that we presented to you in September 1989.

CPB Radio Expansion Proposal  
for Station Support and Development

INITIATIVES

**Program Acquisition Grants**

Proposal: A five-year redistribution of the NPPAG allocation to provide base-level grants to a broader range of stations than those now eligible for NPPAGs. This new grant program is projected to require \$5,000,000 which represents less than 10% of the NPPAG allocation over a five-year period. The grant would be restricted to use for acquiring national programming.

The terms of this initiative would be reconsidered no later than FY 1994.

Eligibility: Public radio stations that are not affiliated with CPB-supported stations, that do not receive other CPB station grants (e.g. SSAG, CSG, NPPAG, Station Development, etc.), that have a downlink, and that are interconnected to the public radio satellite system. Over the five year period 1991 through 1996, 100 stations are estimated to become eligible for this grant.

Amount: Equivalent to the base NPPAG grant plus the minimum annual public radio satellite Distribution/Interconnection fee. Estimated to be \$10,000 in FY 1991. This grant program is estimated to require \$5,000,000 over a five year period.

**Station Development Grants**

Proposal: A five-year redistribution of the CSG and NPPAG allocations to provide phased incentives for upgrading and expansion of station staffing and operations, leading to full CSG and NPPAG eligibility. This new grant program is projected to require \$7,800,000 which represents less than 15% of those allocations over a five year period. Eligible stations could apply the funds for either local or national programming.

The terms of this initiative would be reconsidered no later than FY 1994.

Eligibility: Public radio stations that are not affiliated with a CPB supported station, that do not receive other CPB station grants, that meet the CSG programming and broadcast schedule requirements, and that meet specified criteria within a limited time.

Minority controlled and operated stations would be required to meet the same criteria, except that they would be allowed seven years, rather than five, to achieve the criteria for full CSG and NPPAG eligibility. Minority stations could also count full-time-equivalent staff toward staffing requirements. Over the five year period 1991 through 1996, 80 stations are estimated to become eligible for this grant.

Amounts:

Individual stations will receive grant amounts based on level of criteria achieved. Grant amounts would range from \$18,000 up to \$31,000. This grant program is estimated to require \$7,800,000 over a five year period.

Step 1: 3 Full-time staff (FT) and minimum \$75,000 nonfederal funding support (NFFS)  
Limit on criteria: One year  
Amount: 60% of CSG and NPPAG Base  
Estimated to be about \$18,000 in FY 1991

Step 2: 4 FT and minimum \$90,000 NFFS  
Limit on criteria: Two years  
(Three years for minority stations)  
Amount: 80% of CSG and NPPAG Base  
Estimated to be about \$24,000 in FY 1991

Step 3: 5 FT and \$91,000-149,000 NFFS  
Limit on criteria: Two years  
(Three years for minority stations)  
Amount: 100% CSG and NPPAG Base  
Estimated to be about \$31,000 in FY 1991

Stations failing to meet criteria for full CSG and NPPAG eligibility would be eligible for Program Acquisition Grants only after a waiting period of 24 months, or 12 months for minority stations.

**Program Niche Research**

Proposal: Study public radio's listeners, programming, and stations to identify programming strategies that will enable CPB and an expanding public radio system to serve a larger, significantly more diverse audience in the 1990s. The study would explore the programming objectives of emerging "networks of interest" with shared audience goals, as effective prospects for one or more new programming streams.

Management recommends funding this initiative from a discretionary budget allocation.

Sample: The sample would include all Arbitron diary listeners to public radio in markets representing 80 percent of the public radio audience. The sample would include representation of stations that work outside the NPR news and information environment, minority-controlled stations (providing the first assessment of these stations' audiences in the context of a nationwide study) and, where appropriate, stations on the verge of CPB support per the proposed new grant programs.

Amount: The one-time-only, two-year project would cost \$350,000, including the costs of disseminating research results. About half the costs would be related to data acquisition.

#### **Downlink Assistance**

Proposal: Provide technical assistance to new stations requesting funds from PTFP and other such agencies to become interconnected to the public radio satellite system. Such assistance could include engineering studies and proposal writing.

Management recommends funding this initiative from a discretionary budget allocation. This program would be in effect for five years, beginning with FY 1991, and the terms of this initiative would be reconsidered no later than FY 1994.

Eligibility: Public radio stations not affiliated with a CSG grantee, Program Acquisition grantee, or Station Development grantee and not acting as repeater stations. Stations would have to meet current CSG programming criteria and minimum FCC broadcast requirements, and have no interconnection facilities. Over the five year period 1991 through 1996, 50 stations are estimated to become eligible for this grant.

Amount: CPB would provide technical assistance and consultation (at a cost not to exceed \$5,000 per station) to help eligible stations interconnect with the public radio satellite system. Management projects a total cost of \$250,000 over five years.

#### **Signal Extension Assistance**

Proposal: Provide technical assistance to help existing CPB grantees determine the feasibility of extending their signals into an adjacent unserved market or markets.

Management recommends funding this initiative from a discretionary budget allocation. This program would be in effect for five years, beginning with FY 1991, and the terms of this initiative would be reconsidered no later than FY 1994.

Eligibility: Station would have to receive a CSG; have the financial, technical and managerial capacity (as determined by CPB) to complete an extension project, and be adjacent to a market designated by CPB as having potential to add significant population areas to public radio's national coverage statistics. Up to 100 stations are estimated to receive this type of assistance.

Amount: CPB would provide technical assistance and consultation (not to exceed \$1,500 per station) to help selected CSG-eligible stations extend their signals via repeaters and/or translators into adjacent unserved areas. Management projects a total cost of \$150,00 over five years

### EXISTING ACTIVITIES

A wide range of existing activities undertaken by CPB will contribute to the overall corporate-wide radio expansion initiative. Among these are several in which particular changes are proposed to more directly address expansion objectives:

#### **Minority Station Improvement Project**

Purpose: To assist minority controlled and operated radio stations to increase their managerial and operational capacity to provide local services, to compete effectively in the normal radio program funding arenas, and to supplement the national programming marketplace for radio.

Plan: Implement the Minority Station Improvement Project's potential to identify station-based production centers to provide ongoing minority audience programming for the public radio marketplace.

#### **Management Consulting Service**

Purpose: To assist with the full development of the system by providing technical and management assistant and training opportunities, to encourage innovative approaches to audience building, and to increase station managerial and operational capacity to increase and retain audiences.

Plan: Extend the availability of the CPB Management Consulting Service to non-CSG stations that need and request on-site orientation in public broadcasting fundamentals.

### **Music Royalty**

Purpose: To ensure that all CPB-supported stations have access to broadcast rights for certain musical compositions.

Plan: Work with NPR to extend CPB support of music copyright royalty payments to all stations funded by the SSAG, Station Development Grants, and Program Acquisition Grants in addition to CSG-eligible stations.

### **System Development Fund (SDF)**

Purpose: To promote professional development, diversity, and the extension of the technical and institutional capacity of public broadcasting.

Plan: The FY 1990 priority for public radio is to increase the availability of public radio programming to audiences nationwide and the use of such programming by them. It is anticipated that SDF-funded projects will also extend the participation of racial and ethnic minorities in all facets of public radio.

PUBLIC RADIO EXPANSION

	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	TOTAL
RADIO COMMUNITY SERVICE GRANTS	37,888,214	39,286,553	44,794,302	tbd	tbd	
NATIONAL PROGRAM PRODUCTION ACQUISITION GRANTS	12,448,985	12,908,439	14,718,128	tbd	tbd	
Total	50,337,199	52,194,992	59,512,430	tbd	tbd	
PROGRAM ACQUISITION GRANTS (Funds from NPPAGs)						
Estimated number of Stations:	100	100	100	100	100	500
Annual Grant per Station	10,000	10,000	10,000	10,000	10,000	50,000
Total Funds	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
STATION DEVELOPMENT GRANTS (Funds from CSGs and NPPAGs)						
Estimated number of Stations:	16	30	50	80	50 [1]	N/A
Average Grant per Station	35,000	35,000	35,000	35,000	35,000	N/A
Total Funds	560,000	1,050,000	1,750,000	2,800,000	1,750,000	7,910,000
% of NPPAGs and CSGs:	1%	2%	3%			
PROGRAM NICHE RESEARCH						
CPB Discretionary Funds	350,000					350,000
DOWNLINK ASSISTANCE (Discretionary Funds)						
Estimated number of Stations:	10	10	10	10	10	50
Annual Grant per Station	5,000	5,000	5,000	5,000	5,000	N/A
Total Funds	50,000	50,000	50,000	50,000	50,000	250,000
SIGNAL EXTENSION ASSISTANCE (Discretionary Funds)						
Estimated number of Stations:	20	20	20	20	20	100
Annual Grant per Station	1,500	1,500	1,500	1,500	1,500	N/A
Total Funds	30,000	30,000	30,000	30,000	30,000	150,000
ESTIMATED ANNUAL COSTS	1,990,000	2,130,000	2,830,000	3,880,000	2,830,000	
					TOTAL	13,660,000

[1] The decline in the estimated number of stations for FY 1995 is a result of the stations meeting the eligibility criteria for the Community Service Grants and other assistance.