



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

September 11, 2014

TO: CPB Board of Directors

THROUGH: Pat Harrison; Vinnie Curren; Michael Levy; West Smithers; Teresa Safon

FROM: William P. Tayman, Jr.

SUBJECT: Proposed FY 2015 Operating Budget

The attached proposed FY 2015 Operating Budget reflecting an appropriation of \$445 million follows statutory obligations, past Board decisions, and precedents set forth by prior contractual commitments. This budget was reviewed with the Audit and Finance Committee at the August 18, 2014 meeting and is recommended for adoption.

The House is expected to pass a continuing resolution (CR) next week with the Senate following their lead. The CR funds the federal government through Thursday, December 11, 2014. In order for the CR to stay under the FY 2015 budget caps, it includes an across-the-board cut of 0.0554 percent to all discretionary spending. For CPB this means a reduction of approximately \$246,530 from our FY 2015 appropriation of \$445 million.

In December, Congress will either pass another CR or an omnibus budget bill to fund the government for the remainder of FY 2015. In both options, there is the possibility of another across-the-board rescission. Because this CR has not yet been passed and due to the minimal impact on CPB's operating funds, the attached budget does not reflect this potential reduction.

If subsequent budget reductions are made, we will adjust our budget to reflect the amount actually received.

MAJOR BUDGET CATEGORIES

FEDERAL APPROPRIATION

CPB's FY 2015 appropriation of \$445 million is based on the advanced amount approved by Congress in PL 113-6, the Consolidated and Further Continuing Appropriations Act of 2013, and signed into law by the President on March 26, 2013. The general appropriation does not include any special appropriation or grant funds from the Department of Education for Ready To Learn as such funds are not authorized in advance of the fiscal to which they pertain. The President, in his fiscal year 2015 budget released on March 4, 2014, reaffirmed CPB's FY 2015 appropriation of \$445 million and proposed an advance appropriation of \$445 million for FY 2017.

The attached proposed operating budget for FY 2015 reflects the statutory funding percentages as shown on the “Money Tree” chart. The following is a brief description of each of the statutory funding categories.

INTEREST INCOME

Interest income of \$500,000 is based on the earnings from very low-risk investments and accrues to Television and Radio Program Funds according to our statute. Interest income for FY 2015 is included at the same level approved for FY 2014. There have been no changes in market conditions that lead us to recommend any adjustments to the proposed amount.

DIRECT GRANTS (TV AND RADIO)

These grants, primarily Community Service Grants (CSG), are relied upon as an important source of funding for local public broadcasting stations. These grants make up the largest portion of our budget.

PROGRAMMING GRANTS (TV AND RADIO)

We continue to support public broadcasting with broad and balanced national programming.

In addition, programming funds are used to support our statutory obligation for underserved audiences and independent producers.

SYSTEM SUPPORT

The System Support budget is a strategic tool for CPB. It funds much of the research and system consultation that guides our decision-making in the other categories. We started much of this work as a result of the long-term, system-wide planning effort; consequently, much of this work intersects with other budget areas. In addition to activities initiated by CPB, this fund also supports activities as directed by the CPB statute, (e.g., ITVS, Music Royalties, the annual grant to stations covering a portion of their PBS TV Interconnection costs, and Minority Consortia.)

ADMINISTRATION

The CPB administrative budget is limited by statute to five percent of the federal appropriation. We continue to carefully examine our administrative budget to maximize the impact of our resources in support of CPB’s Goals and Objectives.

Attachments:

- Proposed FY 2015 Operating Budget
- “Money Tree” Chart