



Corporation  
for Public  
Broadcasting

**Corporation for Public Broadcasting  
FY2013 Radio Community Service Grant  
General Provisions and Eligibility Criteria**

**These General Provisions and Eligibility Criteria govern the use of Community Service Grant funds and the eligibility of grantees to receive them. Grantees must annually certify their understanding of and compliance with all of the provisions herein and compliance is subject to audit by the Inspector General. Accordingly, this document should be read and understood by each officer and employee who is responsible for the grantee's compliance and/or certification of compliance with the requirements herein.**

**If you have any questions about the General Provisions and Eligibility Requirements please contact [isis@cpb.org](mailto:isis@cpb.org). Be sure to include your call letters and four-digit Grantee ID.**

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## **FY2013 Radio Community Service Grant (“CSG”) General Provisions & Eligibility Criteria**

### **Section 1. Definitions**

As used in these General Provisions and Eligibility Criteria, the Certification Requirements for Station Grants, and all other related documents, the following terms shall have the definitions set forth in this Section—

- 1. Average Quarter Hour Persons (“AQH Persons”):** The average number of persons listening to a particular station for at least five minutes during a 15-minute period.
- 2. Average AQH:** A measure of audience service used by CPB to determine Radio CSG eligibility. The Average AQH is the average of the two prior years’ AQH Persons, as measured by Arbitron in its Spring survey period (e.g., for the calculation of the Listening Index for FY2013 Radio CSGs, Spring 2010 and Spring 2011 AQH will be used). Alternatively, CPB may agree to accept AQH measurements from any two Arbitron survey periods within the twenty-four (24) months preceding FY2012, provided those survey periods are at least six months apart.
- 3. Calculation Document:** The document setting forth the means by which CPB calculates the amounts to be received by a Grantee under the CSG program. The FY2013 Radio CSG Calculation Document is attached as Appendix A hereto.
- 4. Communications Act:** The Communications Act of 1934, as amended (47 U.S.C. § 396, *et seq.*). Selected portions of the Communications Act, along with CPB’s interpretations thereof, are included in the Certification Requirements for Station Grants Recipients.
- 5. Community Financial Support (“CFS”):** The sum of the following lines in Schedule A of the Grantee’s FY2011 Annual Financial Report (“AFR”):

- Line 8 Foundations and Nonprofit Associations
- Line 9 Business and Industry
- Line 10 Memberships and Subscriptions
- Line 11 Revenue from Friends Groups  
(less any revenue included on Line 10)
- Line 13 Net Auction Revenue
- Line 14 Net Revenue from Special Fundraising Activities
- Line 19 Gifts and Bequests from Major Donors

Annual Financial Summary Report (“FSR”) filers should sum Lines 6 through 9 of the FY2011 FSR to calculate their CFS.

6. **Coverage Area Population (“CAP”):** The population within the coverage area of a station using contours specified by CPB (consistent with the rules and policies of the Federal Communications Commission) and using the most recent population data from the U.S. Census Bureau. CPB incorporates CAP into its determination of placement in the four CSG Levels.
7. **CPB:** The Corporation for Public Broadcasting.
8. **CPB-Qualified Programming:** General audience programming that serves demonstrated community needs of an educational, informational, or cultural nature. Programs that further the principles of particular political or religious philosophies or that are designed primarily for in-school or professional in-service audiences are not considered CPB-Qualified Programming.
9. **Discrete Accounting Requirement:** The requirement that recipients of CSG funds utilize a unique code that identifies CSG funds – both revenues and expenses, restricted and unrestricted – so that both CPB and the auditor can discretely track those funds within the recipient’s accounting system. There is no requirement to segregate CSG funds in separate bank accounts; co-mingling funds is allowable as long as the accounting system can easily identify transactions associated with a major activity (*e.g.*, department, grant, contract, or other project).
10. **Effective Radiated Power (“ERP”):** Consistent with the rules and policies of the Federal Communications Commission, the product of the antenna power (transmitter output power less transmission line loss) times: (1) the antenna power gain, or (2) the antenna field gain squared. Where circular or elliptical polarization is employed, the term effective radiated power is applied separately to the horizontal and vertical components of radiation. For allocation purposes, the effective radiated power authorized is the horizontally polarized component of radiation only.
11. **FCC:** The Federal Communications Commission.

- 12. Full-Time Employee:** Permanent personnel of the station, employed by the licensee (or a parent company, subsidiary, affiliate, or third party operating pursuant to a contract with the licensee), who possess demonstrated skill and expertise in the management, programming, production, promotion, development, or engineering areas of radio station operation, who are paid no less than the minimum federal hourly wage plus all benefits that the licensee (or a parent company, subsidiary, affiliate, or third party operating pursuant to a contract with the licensee) generally provides to its full-time employees, and whose terms of employment require working the number of hours that constitute a normal work week at each institution or station in one or more of these areas.
- 13. Full-Time-Equivalent (“FTE”) Employees:** Two or more employees who, collectively, satisfy the criteria for a Full-Time Employee, except that FTE Employees need not receive all benefits that the licensee (or a parent company, subsidiary, affiliate, or third party operating pursuant to a contract with the licensee) generally provides to its full-time employees.
- 14. Grantee:** The FCC station licensee legally authorized to receive a CPB CSG.
- 15. Joint Licensees:** Those licensees eligible to receive both a TV CSG and one or more Radio CSGs.
- 16. Minority Audience Service Station (“MASS”):** A station that provides significant service to a minority group or groups through diverse programming that serves the needs and interests of minorities. Stations will be deemed qualified if they meet at least one of the criteria below:

  - A. A measured minority audience composition (cume) greater than thirty-five percent (35%) averaged over the previous three consecutive measured quarters\*; or
  - B. The station is licensed to a designated Historically Black College or University; or
  - C. The station is licensed to a Native American Tribe, a consortium of Tribes, or an entity controlled by a Tribe, or is licensed to a community within recognized Tribal Lands and provides a coverage area of which a substantial portion includes Tribal Lands.

\*In markets where audience measurements (i.e., Arbitron) are not available or such measurements are based on a total cumulative audience of 5,000 or less, CPB will use the minority composition of the CAP within the station’s primary coverage area. Under these circumstances, a station can be recognized as a minority audience service station if its CAP minority composition is greater than fifty percent (50%).

- 17. Non Federal Financial Support (“NFFS”):** The total value of cash and

the fair market value of property and services received from sources other than the United States or any agency or instrumentality of the United States or any public broadcasting entity, as further defined in 47 U.S.C. § 397(9). Additional details concerning what qualifies as NFFS are contained in the Financial Reporting Guidelines (which are available at <http://www.cpb.org/stations/frg/>).

18. **Sole Service:** Stations that operate the only primary broadcast service (radio or television, commercial or non-commercial) within a fifty (50) mile radius from the station's transmitter. Licensees operating multiple services (Radio/Radio, Radio/TV) serving the same community may qualify as a single sole service Grantee. Translators do not qualify as sole-service stations because of their secondary status. The presence of a secondary service licensed to another entity shall not preclude an applicant from qualifying for a sole-service grant.

## **Section 2. Eligibility**

**A. Eligible Grantee:** An "Eligible Grantee" is a Grantee that—

1. Is an existing Grantee that received a Radio CSG in FY2012 and meets or exceeds both the eligibility criteria set forth in this Section 2 and the operational requirements set forth in Section 3 and Section 4; or
2. Is any other licensee of a full-power non-commercial educational radio station operating under a valid renewable license issued by the United States government that meets or exceeds both the eligibility criteria set forth in this Section 2, the operational requirements set forth in Section 3 (of which only a limited number shall become Grantees each year) and that submits an application during a Radio CSG application window and is deemed qualified by CPB to receive a FY2013 Radio CSG.

The following types of stations are not Eligible Grantees: (a) closed-circuit or carrier current stations; (b) stations that are managed and operated by and for students; (c) stations that primarily provide training programming to licensee employees, clients, and/or representatives; and/or (d) stations licensed to political organizations.

**B. Grant Levels:** Grantees are classified into one of four grant levels: A, B, C or D. Each CSG level is determined by a number of metrics for a station's fulfillment of the eligibility criteria outlined in Section 2 and the operational requirements outlined in Section 3, including whether the station is a Sole Service.

**C. Additional Categories and Criteria:** In addition, licensees in the following Grantee categories should be aware of the respective eligibility criteria:

1. **Joint Licensees:** Licensees eligible to receive both a TV CSG and one or more Radio CSGs must meet the eligibility criteria and operating

requirements for both radio and television grants. Joint Licensees shall not count the same monetary and staffing resources to qualify for different CSGs.

2. **Licensees Receiving Multiple Radio CSGs:** Such licensees must meet the eligibility criteria and operating requirements for each grant without counting the same monetary and staffing resources to qualify for different CSGs.
  3. **Overlapping Stations:** When a licensee owns more than one public radio station whose signals overlap by fifty percent (50%) or more, the licensee must consolidate the overlapping stations as a single Radio CSG Grantee. Signals overlap by more than fifty percent (50%) when a majority of the CAP of one station is served by one or more other stations. A station's coverage area is defined by the primary signal coverage standard of 1mV/m (60 dBu) for FM and 5mV/m (73.979 dBu) daytime, ground wave for AM.
- D. **Maintaining Eligibility:** As the legal entity to which CPB is authorized to make a grant, a station's licensee is responsible for maintaining the station's eligibility and complying with operational requirements and for notifying CPB as soon as possible when it fails to maintain eligibility and compliance.

Grantees found to be noncompliant with the Radio CSG General Provisions and Eligibility Criteria may have their current or future CSG reduced or eliminated. In addition, late filing of the certified CPB Annual Financial Report ("AFR") or Annual Financial Summary Report ("FSR"), Audited Financial Statements ("AFS") (if applicable), and the Annual Station Activities Survey ("SAS") may, in CPB's sole discretion, result in a reduction of up to 1/365th of the next offered grant for each day any report remains outstanding.

- E. **CPB Waiver:** CPB may, in its sole discretion, waive a non-statutory minimum eligibility criterion listed in these General Provisions and Eligibility Criteria in exceptional circumstances, such as upon a station demonstrating that it provides the sole broadcast service in its community or a broadcast service that primarily serves underserved or unserved audiences.

### **Section 3. Communications Act Requirements**

- A. **Open Meetings, Open Records, Community Advisory Board, and Mail Lists and Political Activities:** As a condition of accepting this CSG, the licensee and the station must certify that they currently comply and agree that they will continue to comply in full throughout the term of this CSG with all relevant provisions of the Communications Act. Following is a summary of the Communications Act requirements with which Grantees must certify their compliance to CPB. This summary does not supersede other provisions of the Act or other laws and regulations applicable to Grantees.

In general, the Communications Act requires all station Grantees receiving CPB funds to certify their compliance with the following provisions:

- That board meetings, board committee meetings and advisory body meetings be open to the public (*see* 47 U.S.C. § 396(k)(4));
- That annual financial and audit reports be available for public inspection (*see* 47 U.S.C. § 396(k)(5));
- That the Grantees comply with FCC rules regarding equal employment opportunities, file annual equal opportunity statistical reports with CPB, and make such reports available for public inspection (*see* 47 U.S.C. § 396(k)(11));
- That certain Grantees maintain Community Advisory Boards (CABs) (*see* 47 U.S.C. § 396(k)(8)); and
- That the Grantees strictly observe guidelines regarding the disclosure of donor information to third parties and do not rent donor information to, or exchange such information with, political organizations and/or candidates (*see* 47 U.S.C. § 396(k)(12)).

**B. Record-Keeping, Certification and Audit Requirements:** The Communications Act mandates record-keeping and auditing and requires that CPB or its representatives have access to eligibility, operational, Communications Act (open meetings, open financial records, Community Advisory Board, EEO), and financial records (*see* 47 U.S.C. § 396(l)(3)(B), (C), & (D)). Operational records and documentation for radio CSGs would include such things as broadcast schedules identifying general audience programming that serves demonstrated community needs of an educational, informational, or cultural nature.

CPB requires Grantees to annually certify their compliance with these General Provisions and Eligibility Criteria. Compliance is subject to audit by the Inspector General, and improper certification may result in penalties under the Federal False Claims Act.

Grantees must comply with CPB's Discrete Accounting Requirement and maintain proper documentation to support all FY 2013 CSG revenues and expenditures.

All CSG expenditures must comply with the provisions of this document, the Communications Act, and all other CSG-related documents and policies. CSG funds that cannot be accounted for because of the Grantee's failure to comply with this requirement may be subject to repayment to CPB. The Grantee shall maintain such records as CPB may in its discretion require to facilitate an effective audit. All CSG records must be retained for no less than ten (10) years

after the end of the expenditure period.

In the event of an improper expenditure or any discrepancies or inaccuracies in expenditures, whether reported by the applicant or discovered during the course of an audit, CPB may, in its discretion, reduce the grant as appropriate. If a reduction is warranted, CPB may elect, in its discretion, to recover overpayment by reducing future grant awards as an alternative to requiring immediate return of any overpayment. If recovery of overpayment is required, CPB will notify the Grantee by letter of the actions it intends to take.

- C. Equal Opportunity:** The Communications Act requires each licensee or permittee of a public broadcast station with more than five full-time employees to file with CPB an annual statistical report that: (1) identifies by race and sex the number of employees in each of eight full-time and part-time job categories (officials and managers; professionals; technicians; office and clerical personnel; skilled craft persons; semi-skilled operatives; unskilled operatives; and service workers); and (2) states the number of job openings occurring during the course of the year. CPB currently requires that this statistical information be provided in the employment portion of the annual SAS, which all CSG recipients must file with CPB. This statistical information also must be made available to the public at the central office of the station and at every location where more than five full-time employees are regularly assigned work.

#### **Section 4. Operational Requirements**

- A. Compliance with FCC Operating Requirements:** Each Grantee must comply with all FCC requirements for the operation of a non-commercial educational radio station throughout the expenditure period. Failure to comply with FCC Rules and the terms of the station's broadcast license may, in CPB's discretion, result in the loss of CPB funding.
- B. Operating Power:** The Grantee must operate a broadcast station that has an ERP of 100 watts or greater in the case of an FM radio station or an operating power of 250 watts or greater in the case of an AM radio station. However, AM stations that during certain hours of operation are restricted by the terms of their licenses to less than the minimum operating power required by the CPB policy may remain eligible if (1) the station meets all other grant-specific criteria, and (2) CPB determines, in its sole discretion, that issuance of a grant would further CPB's statutory goals of universal service and providing service to unserved and underserved audiences.
- C. Broadcast Schedule:** The station must have a minimum operating schedule of eighteen (18) consecutive hours per day, seven (7) days per week, and fifty-two (52) weeks per year. Shared-time stations are not required to operate in excess of their authorized time in order to meet this criterion. CPB, in its sole discretion, may still grant CSGs in accordance with Section 4.B, above, to AM stations that are restricted by the terms of their licenses to less than the minimum broadcast

schedule required by the CPB policy.

The substantial majority of the station’s daily total programming hours broadcast on its primary channel and the substantial majority of the station’s daily total programming hours broadcast on all of its additional multicast channels must be devoted to CPB-Qualified Programming.

**D. Locally Originated Program Service:** Grantee must originate a local program service designed to serve the community’s needs and interests.

**E. Facilities:** The 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, the licensee must provide sufficient office space suitable for station operations.

**F. Employment Requirement:**

1. FY2013 Radio CSG Grantees must comply with the following minimum staffing requirements:

| Community Service Grant (CSG) | Minimum Staffing   |
|-------------------------------|--|
| Level A                       | None   |
| Level B                       | One full-time employee   |
| Levels C and D                | Two full-time employees plus two FTE employees – such employees must work on an annual (12-month) basis.<br><br>At least two full-time staff members must be employed in a managerial and/or programming position. |

2. Positions funded by the CSG may not be counted in fulfillment of required full-time or FTE professional radio station staff.
3. Custodial and clerical staff, students whose student status is a condition of employment, interns, and persons enrolled in programs of formal on-the-job training shall not be counted as satisfying the full-time or FTE employment requirement nor shall personnel teaching or fulfilling other academic duties in excess of the equivalent of one three-hour credit course per quarter or semester.
4. MASS Grantees may count FTE staff toward the full-time staffing requirement.

**G. Minimum NFFS:** For FY2013 grants, the minimum FY2011 NFFS for each of the CSG Levels is listed in the table below:

| CSG            | Minimum NFFS |
|----------------|--------------|
| Level A        | None         |
| Level B        | \$100,000    |
| Levels C and D | \$200,000    |

**H. Audience Service Criteria (“ASC”):** Grantees qualifying for Levels B, C, and D must satisfy either the Listening Index or CFS Index (see chart below). Grantees qualifying for CSG Level A do not need to meet this standard.

| FY2013 Listening Index   | OR | FY2013 CFS Index       |
|--|----|------------------------|
| <u>Average AQH *10000</u><br>CAP                               |    | <u>CFS *100</u><br>CAP |
| MASS Grantees need only meet one half of the applicable index. |    |                        |

| CAP                 | Listing Index Goal | CFS Goal |
|---------------------|--------------------|----------|
| > 5 million         | 13                 | 34       |
| 1 - 5 million       | 16                 | 37       |
| 500,000 - 1 million | 19                 | 44       |
| < 500,000           | 24                 | 48       |

CSG recipients in CSG Levels B, C, and D that fail to satisfy the ASC are subject to a reduction in their CSG. Grantees failing to satisfy the ASC will receive a warning and a year of full funding before their CSG is affected (hereinafter referred to as “Year 0”).

A Grantee that fails to satisfy the ASC after receiving a Year 0 warning will be placed into Year 1 during the next fiscal year and, if it continues to fail to meet the ASC, Year 2. A Grantee in Years 1 and 2 will continue to receive its full CSG. However, the Grantee will be required to reserve twenty-five percent (25%) of its unrestricted portion of the CSG to fund special projects designed by the Grantee to help it return to compliance with the ASC. Acceptable expenditures of this reserved portion include, but are not limited to: internal or external analyses of station operations; acquisition of audience research; investment in new local or national programming; investment in new staff (provided these staff members are not used to meet the minimum staff requirement necessary for CSG eligibility); investment in increased development efforts; etc. The Grantee will be required to report on the nature and scope of these projects to CPB within the timeframe established by CPB.

A Grantee that fails annually to satisfy the ASC after Year 2 will be placed into Year 3 during the next fiscal year and, if it continues to fail to meet the ASC, Year 4. A Grantee in Years 3 and 4 will receive only fifty percent (50%) of its CSG. A Grantee that fails to satisfy the ASC after Year 4 will be removed from the CSG program until the station demonstrates that it once again is able to satisfy the ASC threshold, at which time it may reapply for a CSG during the next application period, provided a CPB Management audit determination does not bar such an application

A Grantee that is able to satisfy the ASC during Years 1 – 4 will have its full CSG restored. However, if the Grantee once again fails to satisfy the ASC during the next four years, it will not move back to Year 0 and receive another full cycle of warnings, restrictions, and reductions. Instead, CPB, in its sole discretion, may return the Grantee to Year 1, 2, 3 or 4 status.

The following chart summarizes the transition out of the CSG program for Grantees not satisfying the ASC:

| Year 0             | Year 1                      | Year 2                      | Year 3            | Year 4            | Year 5                           |
|--------------------|-----------------------------|-----------------------------|-------------------|-------------------|----------------------------------|
| Warning to Grantee | Full CSG; 25% is restricted | Full CSG; 25% is restricted | 50% CSG reduction | 50% CSG reduction | Grantee removed from CSG program |

## **Section 5. Use of Grant Funds and Restrictions**

**A. Purposes:** CSGs are to be used to support the Grantee’s capability to expand the quality and scope of its services to the community. As required in the Communications Act, “[t]he funds distributed . . . may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming” (*see* 47 U.S.C. § 396(k)(7)). Grantees must also comply with the Discrete Accounting Requirement.

**1. Discretionary Portion of the CSG:** For all grant levels, the discretionary portion of the CSG may be used as specified in Section 396(k)(7) of the Communications Act of 1934 (47 U.S.C. § 396(k)(7)), which provides that: “The funds distributed . . . may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming.” At the end of the CSG expenditure period, Grantees must comply with the Discrete Accounting Requirement.

Expenditures from the discretionary, or unrestricted, portion of the CSG must fall into one of the following seven categories:

- (1) Programming, Production and Services
- (2) Broadcasting, Transmission and Distribution
- (3) Program Information and Promotion
- (4) Fundraising and Membership Development
- (5) Underwriting and Grant Solicitation
- (6) Management and General
- (7) Purchase, Rehabilitation or Improvement of Capital Assets

**(a) Programming, Production and Services**

**Programming and Production:** This function consists of the production and/or acquisition of programming and conducting program operations. This includes such functions as program development, program planning, production operations, and

editing. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in the activities (and not used to satisfy the Employment Requirement in Section 4.F), should be included in this classification:

- Fees or dues to acquire broadcast rights for programs or series or rights to use or adapt published materials;
- Program or web content planning and research (script writing, printing, and consulting);
- Directors, producers, cast, stagehands, engineers, technicians, and other personnel involved;
- Rental of facilities or production equipment;
- Space, supplies, and other station resources used;
- Repair and maintenance of programming and production equipment; and
- Depreciation and amortization of station equipment and leasehold improvements used.

**Educational Programs:** Grantees must clearly identify the percentage of CSG funds used to create or purchase programs with educational intent or instructional design. “Educational intent” is defined as content designed to address specific educational interest of a target audience. “Instructional design” is defined as having educational intent and involving educators substantially in program development; providing ancillary materials in support of, or as a supplement to, the programs; and obtaining rights for institutional off-air recording, audio visual, reversioning, etc., as appropriate, at the time of production.

**Educational Outreach Activities:** This includes expenditures for community outreach activities related to local or national programs. Such activities may include, but are not limited to: local or national services that enable viewers and listeners to follow up on programs through computer, video, and audio conferencing; town meetings; local call-in shows; public service announcements; telephone hot lines; and the dissemination of related information and materials.

(b) **Broadcasting, Transmission and Distribution:** This function primarily includes program transmission, interconnection, and other content distribution. Also included are scheduling and engineering. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in these activities (and not used to satisfy the Employment Requirement in Section 4.F), should be included in this classification:

- Scheduling programs for airing;
- Repairing and maintaining broadcasting equipment;

- Depreciation of antennae, transmission, and other broadcasting equipment;
- Distribution and interconnection fees; and
- Web hosting and streaming fees.

(c) **Program Information and Promotion:** This function consists of informing the viewing or listening public of available program services. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in those activities (and not used to satisfy the Employment Requirement in Section 4.F), should be included in this classification:

- Producing or acquiring “spots” designed for the promotion of specific programs;
- Obtaining materials and related supplies used for promoting programs and services;
- Advertising in newspapers or other media;
- Preparing, reproducing, and distributing program guides;
- Travel and related expenses of promotion;
- Dues or fees related to this function; and
- Supporting services.

(d) **Fundraising and Membership Development:** Fundraising consists of inducing others to contribute money, securities, time, materials, or facilities. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in those activities (and not used to satisfy the Employment Requirement in Section 4.F), should be included in this classification:

- Solicitation of underwriting funds and grants;
- Membership development;
- Acquiring and distributing fundraising material;
- Designing, printing, and distributing leaflets or posters for fundraising;
- Meetings for improving fundraising techniques;
- Services of fundraising consultants and talent;
- Developing and maintaining contributor records;
- Committee meetings dealing with fundraising policies and issues, including the preparation of minutes and reports of such meetings;
- Program and production costs of broadcast appeals for funds;
- Mailing costs related to fundraising; and
- Direct costs of special fundraising activities and auctions.

(e) **Underwriting and Grant Solicitation:** Underwriting

development consists of soliciting program underwriting funds and general support grants from foundations, corporations, or governments.

**(f) Management and General:** This function consists of supervising and controlling overall, day-to-day operations, including accounting and office service activities. It also includes the indirect costs of resources and activities whose costs are not directly identified with another function, but which are indispensable to the conduct of those functions and to an organization's existence. This includes expenses for the overall direction of the entity's general board activities, business management, general record-keeping, budgeting, and related purposes. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in those activities (and not used to satisfy the Employment Requirement in Section 4.F), should be included in this classification:

- Human resource administration, including recruiting, retention, and benefit programs;
- Accounting, auditing, and budgeting;
- Information technology systems and support services, where not specifically devoted to other functions;
- Legal services of a general (non-program) nature;
- All occupancy costs not specifically identifiable with other functions;
- Office functions that provide general support throughout the organization (*e.g.*, corporate receptionists and telephone attendants, central mail services, and maintenance of corporate archives);
- Maintenance of operations manuals, directors committee lists, and expenses related to governing board, Community Advisory Board, or administrative committee meetings;
- Depreciation of buildings, furnishings, and equipment used in management and general functions; and
- Dues for public broadcasting station membership organizations.

**(g) Purchase, Rehabilitation or Improvement of Capital Assets:** This includes expenditures for purchase, rehabilitation, or improvement of tangible capital assets, such as studio and station equipment and vehicles, buildings and other structures, and other capital assets that are funded with the CSG.

**2. Restricted Portion of the CSG:** For all grant levels, the restricted portion of the CSG must be spent on national program production and acquisition. These funds must be used as specified in Section

396(k)(3)(A)(iii) of the Communications Act of 1934 (47 U.S.C. § 396(k)(3)(A)(iii)), which provides that the funds are “solely to be used for acquiring or producing programming that is to be distributed nationally and is designed to serve the needs of a national audience.”

This portion of the CSG must be used exclusively for the acquisition, production, promotion, and/or distribution of national programming of high quality, diversity, creativity, excellence, and innovation, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature.

To qualify as a national program for funding from CSG funds, a program must be placed in the national marketplace of public radio programming. In addition to the purposes described in the previous paragraph, this portion of the CSG may be used for the direct costs associated with placing a program produced with CSG funds into the national marketplace, such as the cost of purchasing satellite time or other direct distribution costs.

Expenditures from the restricted portion of the CSG must fall into one of the following four categories:

- (1) Production
  - (2) Program and Content Acquisition
  - (3) Distribution
  - (4) Promotion
- (a) **Production:** Expenditures include station production of programs for national distribution and payments directly to independent producers to produce programs for national distribution by the station.
- (b) **Program and Content Acquisition:** Expenditures include payments to public broadcasting entities that act as producers and/or distributors for national programs. Expenditures also include direct payments to acquire programs from all other producers (commercial and nonprofit) including independents acting as their own distributors, provided that the programming conforms to CPB requirements.
- (c) **Distribution:** Expenditures include distribution/interconnection fees, uplink fees, satellite space, and supplies related to the national distribution of locally produced or acquired programming. Expenditures also include broadcast, transmission, and technical costs. Equipment cannot be purchased with restricted funds.
- (d) **Promotion:** Expenditures include promotion of acquired national

programs and nationally distributed programs produced by the station or by independent producers under contract to the station.

Recipients must ensure that any program produced or acquired with funds received pursuant to the restricted portion of the CSG will be broadcast with an appropriate and sufficient underwriter credit for CPB, identifying CPB's financial assistance.

**B. Restrictions:**

1. No CSG funds shall be used for purposes of conducting any reception or providing any other entertainment for any officer or employee of the federal government or any state or local government.
2. No CSG shall be used, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or video presentation designed to support or defeat legislation pending before the Congress, except in presentation to the Congress or any State legislature itself.
3. No CSG funds shall be used to pay the salary or expenses of any Grantee, or agent acting for such Grantee, related to any activity designed to influence any legislation or appropriation before Congress or any state legislature.
4. No CSG funds may be expended on the production, acquisition or distribution of programs which do not qualify under CPB's Broadcast Schedule eligibility criterion (*see* Section 4.C). Excluded programs include any that further the principles of particular political or religious philosophies or that are designed primarily for in-school or professional in-service audiences.
5. The Grantee may not impound or otherwise withhold or inappropriately restrict the use of CSG funds by the station(s). CSG funds may not be used to supplant funds or other support already being provided to the station(s) by the Grantee or to offset budgeting cutbacks by the Grantee.
6. CSG funds may not be used to offset an institutional Grantee's overhead or expenses except for such overhead and expenses enumerated in Section 5.A.
7. CSG funds or proceeds from the sale of assets acquired with CSG funds must be used solely for the benefit of the public broadcast station.
8. Full-time employees of a station whose salaries are paid using CSG funds must exercise full-time responsibilities over broadcast station operations. Such personnel shall not be required by the Grantee to perform duties

unrelated to the operation of the broadcast station(s). For employees whose salaries are partially paid using CSG funds, the portion of salary paid out of such funds cannot exceed the percentage of their time that they spend on broadcast station operations.

9. CSG funds shall not be used by the Grantee for personnel services, programming (both production and acquisition), or technical facilities in excess of standard amounts usually paid, charged or otherwise applied by the Grantee for the same services and facilities under similar circumstances.

## **Section 6. Payment Schedule and Reporting Requirements**

- A. **Payment Schedule:** FY2013 CSGs (all levels) will be disbursed to the Grantee in two installments. However, each grant payment will be contingent upon the Grantee submitting all of the required forms, reports, and/or other documents as required by CPB.
- B. **CSG Offer Expiration:** The CSG agreement must be properly executed by June 30, 2013 or the grant may be forfeited. If payment is not desired at the time the agreement is executed, then the Grantee should specify, in writing to [ISIS.cpb.org](mailto:ISIS.cpb.org), the later date on which it would like the funds to be disbursed.
- C. **Reporting Requirements:** To avoid delayed disbursement of FY2013 CSG payments and possible penalty reductions in future CSGs, all required documents and reports must be completed and submitted to CPB in a timely fashion. All financial forms (AFR and FSR) are due within five months after the close of the Grantee's fiscal year. As a condition of receiving the CSG, each Grantee, regardless of level, must also complete and submit the annual SAS. The SAS is fielded in January and February of each year. If the Grantee submits its financial report or SAS past the filing deadline, it will be subject to a financial penalty, which will be deducted from the Grantee's CSG.

The Grantee must keep documentation pertaining to grant expenditures for the previous spending period in their files for ten (10) years after the expenditure period ends.

Each Grantee must file either an AFR or FSR. Financial reporting requirements differ based upon the Grantee's level.

1. **Level A or B Grantees:** Each Grantee in Levels A and B must file an FSR. A Grantee in Levels A or B that received total station revenue ("TSR") of \$300,000 or more in the reporting year (*i.e.*, the Grantee's fiscal year) must also file AFS, and its FSR must include an attestation by an independent accountant that the FSR complies with CPB's Financial Reporting Guidelines. TSR is defined as the total of Line 12 (total direct revenue) and Line 16 (total in-kind revenue and indirect administrative

support).

2. **Level C or D Grantees:** Each Level C or D Grantee must file a separate an AFR for each separate CSG that it receives. Each Grantee in Levels C or D must also file AFS, but the AFS may consolidate the financial reporting for multiple stations licensed to or operated by the same entity, even if they are benefiting from more than one CSG.

| CSG level | CPB grant amount for reporting years beginning in 2011 | Grantee total revenue during reporting years beginning in 2011 | AFS required? | FSR required? | AFR required? |
|-----------|--|--|---------------|---------------|---------------|
| A and B   | N/A  | < \$300,000  | No            | Yes           | No            |
| A and B   | N/A  | >= \$300,000   | Yes           | Yes           | No            |
| C and D   | N/A  | N/A  | Yes           | No            | Yes           |

### **Section 7. Expenditure of Funds**

- A. **Grant Spending Period:** The FY2013 grant spending period extends from October 1, 2012 through September 30, 2014.
- B. **Unauthorized Expenditures:** CSG funds shall be used only while the Grantee remains an Eligible Grantee. Grantees shall maintain conformity with these General Provisions and Eligibility Criteria for the FY2013 Radio CSG, the Certification of Eligibility, and all other related documents.

In addition, CSG funds shall be expended only in accordance with the purposes and restrictions set forth in these General Provisions and Eligibility Criteria.

Expenditures or uses of CSG funds that are inconsistent with the purposes and restrictions set forth in Section 5 or that are not fully supported by available documentation in accordance with the record-keeping provisions in Section 3.B. shall be considered unauthorized expenditures.

- C. **Documentation of Expenditures:** All CSG expenditures must be supported by documentation (invoices, contracts, bills of sale, check stubs, etc.). The Grantee must keep documentation pertaining to grant expenditures in its files for ten (10) years after the close of the expenditure period, and such documentation must be made available for CPB review upon request. CPB will use such documentation as the basis for audits of CSG expenditures.

Expenditures that cannot be supported with documentation may be disallowed. Undocumented expenditures cannot be replaced with other station expenditures after the expenditure period ends. All disallowed expenditures must be returned to CPB pursuant to the requirements set forth in Section 10 concerning the return of funds. Disallowed expenditures include those expressly prohibited by the CSG General Provisions and other similar restrictions to be determined by CPB, in its

sole discretion, from time to time.

### **Section 8. Extent of CPB Commitment**

No commitment, expressed or implied, is assumed by CPB to provide funds in excess of the amount offered by CPB.

### **Section 9. Termination**

Failure to comply with these General Provisions and Eligibility Criteria and the commitments attested to by the Grantee in the CSG Agreement between the Grantee and CPB may result in termination of CSG funding. Upon termination, CPB may, in its sole discretion, require the Grantee to return CSG funds under the procedures set forth in Section 10.

### **Section 10. Return of Funds**

- A. Unused Funds:** All funds that are not expended by September 30, 2014 must be returned to CPB on or before November 3, 2014.
- B. Unauthorized Expenditures:** The amounts of all unauthorized expenditures shall be fully repaid to CPB immediately upon CPB's request.
- C. Loss of CSG Eligibility:** CPB, in its sole discretion, may require any recipient of a CSG to return CSG funds, as set forth below.

- 1. In any of the situations described in Section 10.C.2, 10.C.4, or 10.C.5 below, CPB may require a recipient of a CSG to return the greater of (1) all unexpended CSG funds from grant periods that have not yet expired, or (2) the amount equal to the *pro rata* monthly share of the total CSG for all grant periods that have not yet expired multiplied by the number of full months remaining in the grant period(s).
- 2. In addition to the amount that CPB may require a CSG recipient to return under Section 10.C.1 above:

- (a) If any recipient of a CSG effectuates a transfer of control, assignment, or lease of its broadcast license to a non-CSG qualified organization, whether or not effectuated in accordance with Section 11, CPB may require the recipient to return an amount not to exceed the greater of (a) twenty percent (20%) of the sale price in the event of a sale, (b) twenty percent (20%) of the amount to be paid under the lease over the course of its term in the event of a lease, or (c) twenty percent (20%) of all CSG funds that have been provided, as calculated on a *pro rata* monthly basis, during the 24-month period preceding the effective date of the Grantee's agreement for transfer of control, assignment, or lease; or

- (b) If any recipient of a CSG ceases to operate a qualified non-commercial educational radio service due to the relinquishment or loss of its broadcast license, CPB may require the recipient to return an amount not to exceed fifteen percent (15%) of all CSG funds that have been provided, as calculated on a *pro rata* monthly basis, during the 24-month period preceding the date on which the relinquishment or revocation becomes final (*i.e.*, no longer subject to administrative or judicial review), provided, however, that if the relinquishment of a broadcast license is related to a merger or consolidation with another CSG-qualified organization, then CPB's ability to require the return of funds shall be governed by Section 10.C.3 below rather than this Section 10.C.2(b); or
- (c) If CPB determines that any recipient of a CSG, for any reason other than those set forth in Section 10.C.2(1)-(2) above, is no longer qualified to receive CSG funds (including but not limited to as a result of a failure to comply with any requirement of these General Provisions and Eligibility Criteria or the imposition by the FCC of limits upon its operations), CPB may require the recipient to return an amount not to exceed fifteen percent (15%) of all CSG funds that have been provided, as calculated on a *pro rata* monthly basis, during the 24-month period preceding the date on which CPB determines that the recipient was no longer qualified;

- 3. In the event a Grantee (i) effectuates a transfer of control, assignment, or lease of its broadcast license to a non-CSG qualified organization that as a result of the transfer of control, assignment, or lease desires to become a CSG qualified organization and is otherwise qualified, or (ii) relinquishes its broadcast license pursuant to a merger or consolidation with another CSG-qualified organization, and (iii) complies with the requirements of Section 11, CPB may, in its sole discretion, permit the recipient to assign any of the funds that CPB might otherwise require the recipient to return pursuant to Section 10.C.1 above to the organization with which the recipient's operations were or are to be merged or consolidated, provided that the recipient demonstrates to CPB's satisfaction that such funds will be used in accordance with these General Provisions.
- 4. If any recipient of a CSG effectuates a transfer of control, assignment, or lease of its broadcast license to another CSG-qualified organization and complies with the requirements of Section 11, CPB may, in its sole discretion, permit the recipient to assign any of the funds that CPB might otherwise require the recipient to return pursuant to Section 10.C.1 above to the CSG-qualified transferee or lessee, provided that the recipient demonstrates to CPB's satisfaction that such funds will be used in accordance with these General Provisions.

**D. Procedures for Return of Funds:** In all cases in which funds must be returned,

checks shall be made payable to the Corporation for Public Broadcasting.

### **Section 11. Assignment**

No rights or obligations under any CSG shall be assigned in whole or in part by the Grantee (including situations where a third party becomes responsible for providing programming for all or part of a station's broadcast schedule or some other aspect of the licensee's broadcast operations) without the prior written consent of CPB. Any entity to which the rights and obligations under a CSG are assigned must comply with all obligations contained in this document and will be required to certify its agreement to do so.

### **Section 12. Nondiscrimination**

- A. The Grantee agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, national origin, or physical or mental handicap. The Grantee will take affirmative action to ensure that applicants are considered for employment, without regard to their race, color, religion, age, sex, national origin, or physical or mental handicap.
- B. The Grantee further agrees that it will comply with all laws and regulations prohibiting discrimination on the basis of race, color, religion, age, sex, national origin, or physical or mental handicap that may be applicable to the Grantee. These laws may include, but are not limited to Title III of the Public Telecommunications Financing Act of 1978 (47 U.S.C. § 398); Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2002e); the Equal Pay Act of 1963 (29 U.S.C. § 206); the Age discrimination in Employment Act of 1967 (29 U.S.C. §§ 621-634); Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2002d); Title IX of the Education Amendment of 1972 (20 U.S.C. § 1681); Title V of the Rehabilitation Act of 1973 (29 U.S.C. §§ 790-794); and the FCC's regulations concerning equal employment opportunity (47 C.F.R. § 73.2080).
- C. The Grantee will include the provisions of this Section in all subcontracts and delegations entered into in connection with the CSG.

### **Section 13. Equal Employment Opportunity and CPB Assistance**

- A. Every Grantee must certify to CPB that it complies with the FCC Rules concerning equal employment opportunity (47 C.F.R. § 73.2080). Each licensee or permittee of a broadcast station with more than five full-time employees must further certify that the job openings identified in the statistical reports described above were filled in accordance with such FCC Rules, or provide a statement of the reasons for not filling the positions in accordance with such regulations. CPB currently requires that these certifications and, if necessary, the statement of reasons be provided in the CSG Certification of Eligibility.
- B. In addition, in accepting the General Provisions and Eligibility Criteria, Grantee agrees to implement the following policy on "Equal Opportunity and CPB

Assistance” as a term or condition of the CSG:

It is the policy of CPB to: (1) fully comply with all applicable laws and regulations, including laws and regulations prohibiting discrimination against any person on the basis of race, color, religion, national origin, age, sex, or physical or mental handicap; and (2) require that each Grantee, whether in cash or in-kind, comply with all such laws and regulations.

#### **Section 14. Other Nondiscrimination Requirements**

- A. CPB Role and Cooperation with Government Agencies With Respect to Claims of Discrimination:** CPB is a private, nonprofit corporation and does not have the legal authority to investigate and adjudicate complaints alleging discriminatory practices by recipients of its assistance. CPB will, therefore, refer all such complaints received by it to a government agency with jurisdiction to conduct any proceedings that may be appropriate. Further, CPB will cooperate fully with every such agency with jurisdiction to inquire into alleged discriminatory practices by recipients of CPB assistance.
- B. Laws and Regulations Applicable:** Applicable laws and regulations prohibiting discrimination against persons on the basis of race, color, religion, national origin, age, sex, or physical or mental handicap may be federal, state, or local and may vary from recipient to recipient and from jurisdiction to jurisdiction. Each applicant or Grantee shall inform itself of the laws and regulations applicable to it, and CPB shall not undertake to so inform the applicant or Grantee, unless a law or regulation requires that CPB do so, and then CPB shall undertake to inform the applicant or Grantee only to the extent the law requires.
- C. Suspension or Cancellation of CPB Assistance:** Whenever a court or government agency with jurisdiction shall make a final determination that a recipient of assistance from CPB is in violation of federal, state, or local laws and regulations prohibiting discrimination on the basis of race, color, religion, age, national origin, sex, or physical or mental handicap, and notice of such determination is given in writing to CPB by the court, agency, or any other person and officially certified, CPB shall promptly notify the recipient that unless the Grantee shall demonstrate to the satisfaction of CPB within thirty (30) days that the violation has been fully corrected or that the recipient is in full compliance with all remedial provisions of such final determination, CPB shall suspend or cancel all assistance to the Grantee.

Whenever such final determination is appealed or otherwise challenged in an appropriate forum, whether or not the effect of such determination is stayed pending appeal, CPB shall notify the recipient that, unless the Grantee can show cause to the contrary within 30 days, CPB shall suspend or cancel CPB assistance. If CPB decides to suspend such assistance, then all sums that would otherwise have been payable to the Grantee shall be held by CPB pending completion of the appellate process, but the provision of in-kind assistance shall not be suspended or

canceled pending the appeal.

- D. Applicants Ineligible to Receive CPB Assistance:** An applicant for assistance from CPB, whom a court or government agency with jurisdiction has made a final determination to be in violation of any federal, state, or local law or regulation prohibiting discrimination on the basis of race, color, religion, age, national origin, sex, or physical or mental handicap, shall be ineligible for assistance from CPB, unless the applicant shall demonstrate to the satisfaction of CPB that the violation has been fully corrected or that it is in full compliance with all remedial provisions of such final determination.

### **Section 15. Governing Law and Jurisdiction**

Except as otherwise required by law, the Grantee agrees that the CSG and all instruments between Grantee and CPB executed pursuant thereto shall be construed under the laws of the District of Columbia. Notwithstanding the jurisdiction of any other court, the Grantee expressly submits and consents in advance to the jurisdiction of the Superior Court of the District of Columbia and the U.S. District Court for the District of Columbia for all claims or disputes pertaining directly or indirectly to any CSG, any supplement thereto, or any matter arising there from. The Grantee further agrees that in any action or proceeding commenced in any court in the District of Columbia, the Grantee shall be deemed to have been duly served with process of such court when process is delivered to the Grantee personally or by certified or registered mail (return receipt requested), within or outside of the District of Columbia.

### **Section 16. Amendment**

CPB reserves the right to amend these General Provisions and Eligibility Criteria solely at CPB's discretion. If these General Provisions and Eligibility Criteria are amended, CPB will notify all CSG Grantees of such amendment. All CSG Grantees will be deemed to agree to comply with the terms of the amended General Provisions and Eligibility Criteria unless a CSG Grantee notifies CPB otherwise in writing within thirty (30) days of receipt of the aforementioned CPB notification. Upon receipt of such notification from the CSG recipient, CPB will no longer consider the CSG Grantee to be eligible for a CSG, and the CSG Grantee will be removed from the CSG program. The former CSG recipient shall be entitled to keep the greater of: (i) all CSG funds expended as of the date CPB notified the Grantee of the amended provisions or (ii) a pro-rata share of the CSG amount (based on the applicable expenditure period) for each day before the date of the document notifying CPB that the CSG Grantee no longer agreed to comply with the amended Provisions. CSG Grantees agree that if they leave the CSG program pursuant to the provisions of this paragraph, they will immediately repay CPB any remaining CSG funds (expended or unexpended) that they have received that are above the amount they are entitled to keep, in addition to any other funds that CPB may elect to require the return of pursuant to Section 10 above.

## Appendix A: FY2013 Radio Community Service Grant – Levels and Qualifications

### Major Eligibility Criteria and Grant Calculation Factors

| CSG Level | Population Density (PD = people/sq. km.)               | Non-Federal Financial Support (NFFS) Minimum | FT Employee Minimum‡ (FT=Full Time, FTE=Full Time Equivalent) | Must meet Audience Service Criteria? | Projected Base Grant | NFFS Incentive Eligibility (NFFS Match)†                   | Minority Audience Service Station Multiplier (MASS) (Applied to Base Grant and NFFS) |
|-----------|--|--|---|--------------------------------------|----------------------|--|--|
| A         | Only Radio or TV Broadcast Signal Within Coverage Area | n/a  | n/a   | No                                   | \$100,000            | No   | 1.50   |
| B*        | Any  | \$100,000                                    | 1   | Yes                                  | \$72,313             | No   | 1.50   |
| C         | ≤40 PD   | \$200,000                                    | 4 (min. of 2 FT and 2 FTE)                                    | Yes                                  | \$72,313             | Yes (Incentive based on 1.25 x NFFS for non-MASS grantees) | 1.50 (base grant)<br>1.75 (NFFS)   |
| D         | > 40 PD  | \$200,000                                    | 4 (min. of 2 FT and 2 FTE)                                    | Yes                                  | \$57,850             | Yes  | 1.50   |

\* Some Level B Stations may benefit from CPB Rural Audience Service Station Support if their population density is ≤40.

‡ Minority Audience Service Station grantees may meet the employee minimum criteria with full-time equivalent employees.

⊗ Shaded CSG levels – A and C – benefit from CPB Rural Audience Service Station Support.

† FY2013 Radio Incentive Rate of Return (IRR) is **estimated at .064** cents for every dollar of NFFS (Non-Federal Financial Support) raised. The final IRR (and Base Grant amounts) will be released to grantees in mid-September 2012.