

NEW PUBLIC MEDIA: **A PLAN FOR ACTION**

Josh Silver

Candace Clement

Craig Aaron

S. Derek Turner

Free Press, May 2010



Table of Contents

PART ONE: CRISIS AND OPPORTUNITY	3
Introduction: The Case for Public Media	3
<i>Shaping New Public Media</i>	4
The Foundations of Public Media in America	6
<i>Old Structures, New Challenges</i>	7
Strengths in Public Media: Arts and Education	8
<i>Arts and Culture</i>	9
<i>Education and Children’s Programming</i>	10
Public Media and ‘Saving’ Journalism	12
PART TWO: FUNDING A PUBLIC MEDIA TRUST	16
How Public Media Are Funded	16
New Funding Models	18
<i>Public Airwaves, Public Interest Obligations</i>	19
<i>Spectrum Use Fees</i>	21
<i>Spectrum Auction Revenues</i>	23
<i>Direct Advertising Taxes</i>	24
<i>Indirect Advertising Taxes</i>	26
<i>Consumer Electronics Tax</i>	28
PART THREE: LEADERSHIP, DIVERSITY AND EXPANSION	30
Restoring Public Media’s Heat Shield	30
<i>National Leadership: Reforming the CPB Board</i>	31
<i>Local Leadership: Raising the Bar</i>	33
Diverse Public Media: A New Formula for Change	34
Expanding Public Media	38
PART FOUR: LEARNING FROM OTHER COUNTRIES	42
England	43
Denmark	44
New Zealand	44
Japan	45
Can Public Media Remain Independent?	46
CONCLUSION: IDEAS TO ACTION	47

Table of Figures

Figure 1: Global Spending on Public Media Per Capita.....	5
Figure 2: Annual Spectrum Use Fee	21
Figure 3: Using Annual Spectrum Use Fees to Establish a Public Media Trust Fund.....	23
Figure 4: Auctioning UHF Spectrum Estimated Revenues.....	24
Figure 5: Using an Advertising Tax to Establish a Public Media Trust Fund.....	26
Figure 6: Using an Advertising Expenditure Amortization to Establish a Public Media Trust Fund.....	27
Figure 7: Using a Consumer Electronics Tax to Establish a Public Media Trust.....	28
Figure 8: Funding Methods for Public Media in European Countries	42

PART ONE: CRISIS AND OPPORTUNITY

Introduction: The Case for Public Media

Take a close look at the American journalism landscape in 2010, and the scene is grim. Ad revenue is down; job cuts are up; and new business models have yet to prove sustainable. In recent decades, media consolidation, poor business decisions and the drive for ever higher profit margins have pushed many traditional news outlets to the brink — even before the recession and the collapse of traditional advertising. Today, we have a news industry in steep decline, with no sign of a long-term recovery.

The implications for our communities are dire: Even after decades of newsroom layoffs and broad cost-cutting, traditional news outlets continue to produce the vast majority of original reporting.¹ Blogs and amateur reporting are not enough to fill the void. Professional reporters, fact checkers and editors are needed to keep a watchful eye on the powerful and to reliably examine the vital issues that most Americans don't have time to follow closely.

Innovation and entrepreneurship will be a big part of solving the “crisis in journalism.” But it will also take changes in government policy if we hope to build a media system that sustains and strengthens democracy in the future. As Rep. Henry Waxman (D-Calif.), chairman of the House Energy and Commerce Committee, told the Federal Trade Commission last December: “Eventually, government is going to have to be responsible to help and resolve these issues.”²

There are plenty of new projects producing local journalism in communities across the country and a wide range of ideas about how to change public policy to support them and to encourage more like them. But many of these projects are still in nascent stages, lack long-term sustainability, or have yet to build a large local audience. Journalists and media makers are thinking big but are faltering in figuring out how to best turn their shared ideas into action. We need to build a national constituency to move statehouses and Capitol Hill to assess and implement the right policy changes in support of public service media in its many forms.

The idea of combining media, public policy and local entrepreneurship to support a robust marketplace of ideas permeates America's history. Since the nation's founding, government policy has played a central role in protecting free speech and ensuring a robust and free press. In the 18th and 19th centuries, postal subsidies dramatically reduced the cost of sending newspapers and were essential to the effective dissemination of news and information. “Common carrier” rules dating back close to a century helped to build a robust and universal communications infrastructure. In 1967, the Public Broadcasting Act led to the founding of NPR, PBS and other alternatives to commercial media fare. Each policy change was the result of advances in technology and the need to protect the public interest.

¹ “How News Happens: A Study of the News Ecosystem of One American City,” Pew Research Center's Project for Excellence in Journalism, Jan. 11, 2010.

² Remarks of Rep. Henry Waxman (D-Calif.) to the Federal Trade Commission, Dec. 2, 2009.

We are now facing the 21st-century version of this challenge: How to ensure both quality journalism and the networks needed to distribute it. Opinions vary on the solution to this question, from placing all bets on private markets to pushing major public investments in both commercial and noncommercial journalism.

Regardless of which approaches are best, we face these challenges amid a daunting reality: There is no longer enough private capital — in the form of advertising, subscriptions, philanthropy and other sources — to support the depth and breadth of quality local, national and international news reporting that our communities need to participate in a 21st-century democracy. While we might imagine a future 20 years hence in which some new business model emerges to make up for what we're losing right now, the interim period may be marked by a potentially severe crisis in meeting the public's information needs.

In sum, the need has never been greater for a world-class public media system in America.

Shaping New Public Media

Commercial media's economic tailspin has pushed public media to the center of the debate over the future of journalism and the media, presenting the greatest opportunity yet to reinvigorate and re-envision the modern U.S. public media system.

In public opinion surveys, public broadcasting consistently ranks ahead of the military, the courts and Congress in terms of public trust and is considered to be one of the best uses of taxpayer dollars year after year.³ Public broadcasting maintains this status despite partisan pressure from Washington — including the recurring threat of funding cuts from Congress.

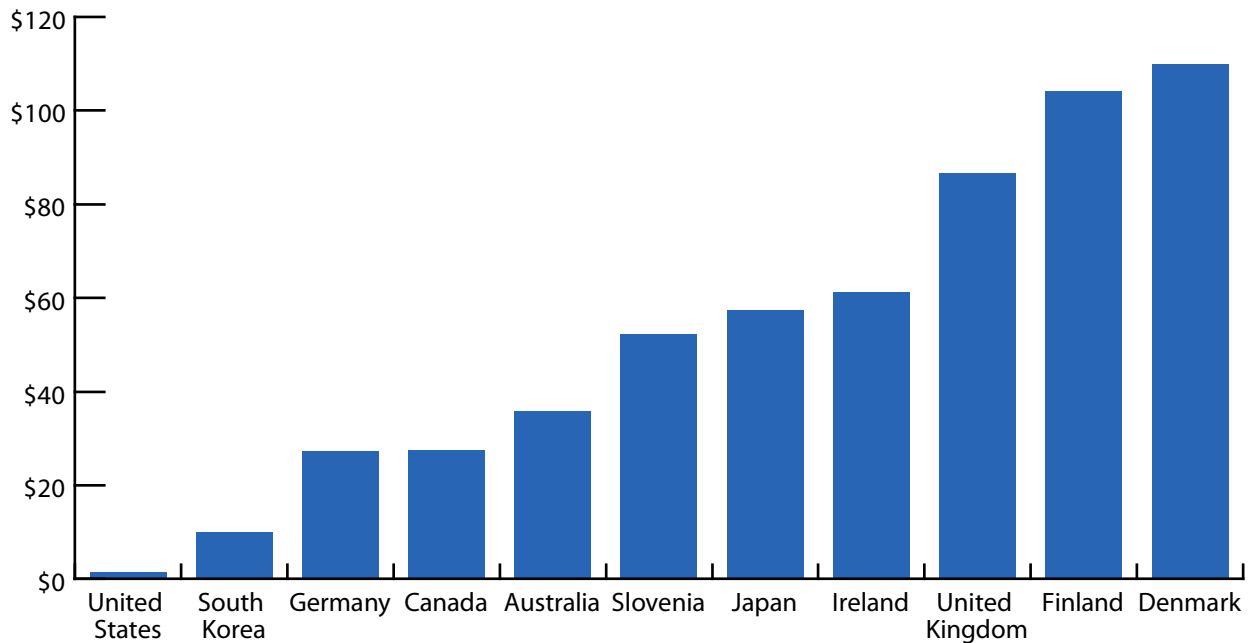
At around \$420 million in federal funds per year, the United States has one of the lowest-funded public media systems in the developed world. The federal government allocates a paltry \$1.43 per person each year to maintain the system, compared to more than 70 times that amount in Finland and nearly 80 times that amount in Denmark (see Figure 1).⁴ If the United States spent as much on public media as those countries, it would total \$30 billion annually.⁵

³ GfK Roper Public Affairs & Media Survey, 2010.

⁴ The U.S. figure was calculated by relying on the money appropriated in 2006 for the 2008 fiscal year, as well as a much smaller amount appropriated in 2008 for the same year. In many countries, public media funding is derived from an annual government-mandated television license fee for television owners. In general, the total amount generated through this license fee for 2008 was divided by the population of the country for the same year. The currency was converted to U.S. dollars using the relevant exchange rate from April 19, 2010.

⁵ Robert W. McChesney and John Nichols, "How to Save Journalism," *The Nation*, Jan. 7, 2010.

Figure 1: Global Spending on Public Media Per Capita



Source: Free Press research.

Despite their minimal funding, public broadcasters have been able to build a national network that provides quality educational, children's and cultural programming through free over-the-air broadcasts. Public radio has become a leader in news and public affairs programming. With increased funding, public media could go beyond broadcasting. Instead of the one-way transmission of a broadcast signal to its many listeners, future public media outlets could engage with their audiences in more meaningful ways — covering important local events, opening their doors to collaborate with a wide range of media producers and community institutions, and encouraging public dialogue and debate. But if we fail to significantly increase funding, public media will be marginalized at precisely the moment they are most needed.

At the root of the system's problems is the funding mechanism of congressional appropriations, which provides inadequate support and is unstable by nature. Public broadcasting is chronically underfunded, insufficiently insulated from political meddling, and unable to realize its full potential. Other nations have successfully funded their public media through alternative methods. We should not eliminate the appropriations process entirely, but, if we are to succeed, we must begin supplementing congressional appropriations through a more sustainable, long-term model.

Increasing support for public media shouldn't mean writing a blank check for NPR and PBS. We also must enact an array of policy changes to strengthen the political firewall that protects public media-makers from government influence and censorship. With the appointment process for the board of directors of the Corporation for Public Broadcasting (CPB) in the hands of the president, appointees are too often chosen purely on the basis of their political connections. We must establish benchmarks that ensure strong and accountable local and national leadership.

We must also expand the definition of public media and move past today's broadcast-centric model. We must adopt digital technologies that engage and serve audiences and civic institutions.

We must fill the void left by shrinking commercial newsrooms, while diversifying audiences and content. We must move from media that were born in an era of information scarcity to media that contribute credible content and quality programming in a world of information overload.

Reform must be pursued in multiple venues: in Congress, at the FCC, in statehouses and city councils, and within the system itself. And meaningful change will only happen if public interest and public media leaders work together in ways that have never happened before. In our 2009 report, "Public Media's Moment," Free Press put forward a vision for public media in America. But what is needed now is a strategic roadmap to get us there. We have to move from inspirational platitudes to real proposals and policies.

Public media's mandate is not to reap profits for shareholders, but to educate and inform the public in return for public investment. By expanding upon the networks created over the past 40 years, one can imagine a future that FCC Commissioner Michael Copps has called "PBSS" — a Public Broadcasting System on Steroids. "That can't be done on the cheap," Copps said, "and we'll hear laments that there's not a lot of extra cash floating around these days. But other nations find ways to support such things. The point is we need to start talking, start planning, now."⁶

The Foundations of Public Media in America

Educational broadcasting didn't start with the passage of the Public Broadcasting Act in 1967; it had been part of American media for decades. Unlike in Europe, private commercial broadcasters always dominated in America. But from the beginning of both radio and TV, some stations were owned by educational institutions and other community groups that had goals other than earning a profit. These stations generally viewed themselves as serving an educational purpose. But these educational stations were often underfunded and disorganized. By the early 1960s, the educational television community, in particular, was in disarray.

The Carnegie Commission on Educational Television began its work in early 1966. It held eight formal meetings and heard testimony from 225 people and organizations. In January 1967, the Carnegie Commission released its report, "Public Television: A Program for Action" — which advised that educational television should be renamed public television, and that a "Corporation for Public Television" should be formed to provide focused national leadership for local stations.⁷ The Carnegie Commission went so far as to say that it would not be able to recommend any increased federal spending without such a body.⁸

The Carnegie Commission also recommended that funding be kept independent of the congressional appropriations process.⁹ "Of one thing we can be certain: Public television will rock the boat," testified public broadcasting pioneer and television legend Fred Friendly before a Senate committee in 1967. "There will be — there should be — times when every man in politics, including you, will wish that it had never been created. But public television should not have to

⁶ Remarks of Federal Communications Commissioner Michael J. Copps at Free Press Policy Summit: Changing Media, May 14, 2009.

⁷ "Public Television: A Program for Action," Carnegie Commission on Educational Television, January 1967.

⁸ Carnegie Commission, *ibid.*

⁹ Carnegie Commission, *ibid.*

stand the test of political popularity at any point in time. Its most precious right will be the right to rock the boat."¹⁰

Unfortunately, Friendly's early warnings about the political shenanigans that would come from legislators having such a tight grip on the purse strings went unheeded. But with President Lyndon Johnson's blessing, Congress moved on some of the Carnegie Commission's recommendations and drafted the Public Broadcasting Act. Although the original report focused exclusively on television, radio was added to the bill, which also provided for the founding of the Corporation for Public Broadcasting.

When Johnson signed the Public Broadcasting Act in 1967, he evoked the words of Samuel Morse and his first message sent over the very first telegraph line: "What hath God wrought?" Johnson proclaimed, "Today our problem is not making miracles — but managing miracles. We might well ponder a different question: What hath man wrought — and how will man use his inventions?"¹¹

The Public Broadcasting Act was a bold answer to that question. The bill signaled that our "miracles" would be managed through stewardship of the public airwaves in the public interest. As Johnson declared:

*I believe the time has come to stake another claim in the name of all the people, stake a claim based upon the combined resources of communications. I believe the time has come to enlist the computer and the satellite, as well as television and radio, and to enlist them in the cause of education.*¹²

Old Structures, New Challenges

The CPB began operations in 1968 as a taxpayer-funded, private, nonprofit corporation. By law, the CPB cannot own any public broadcasting stations or produce programming. Its primary mission is "to facilitate the development of, and ensure universal access to, non-commercial high-quality programming and telecommunications services."

In 1969, the CPB founded the Public Broadcasting Service — a member-based organization, rather than a traditional, top-down broadcast network. PBS's purpose is to connect the nation's public television stations. PBS does not produce programming, but it oversees program acquisition and distribution and provides fundraising and engineering support to its member stations.

The CPB founded National Public Radio in 1970 to connect the nation's more than 860 public radio stations. NPR, however, has a slightly different mission from PBS, since it produces its own national programming in addition to acquiring programming from independent producers.

These national organizations, and the stations they support, are at the center of the U.S. public media system. But outside this system are other organizations, producers and community groups creating noncommercial media that serve the public interest. Powerhouses like American Public

¹⁰ Ralph Engelman, *Friendlyvision: Fred Friendly and the Rise and Fall of Television Journalism*, Columbia University Press, 2009.

¹¹ Remarks of President Lyndon B. Johnson upon Signing the Public Broadcasting Act of 1967, Nov. 7, 1967.

¹² Johnson, *ibid.*

Media and Public Radio International produce popular, nationally syndicated programs. Smaller radio stations licensed to nonprofits and schools provide space for local voices to get on the air. Public access, or PEG, channels serve as hubs for media production and training in many communities. And independent media makers — such as those represented by the Association of Independents in Radio and the Independent Television Service — create audio, video and multimedia productions that cover a wide range of issues and perspectives.

Much has changed in media since 1967. But in many ways, the vision President Johnson articulated that November morning was ahead of its time:

*I think we must consider new ways to build a great network for knowledge — not just a broadcast system, but one that employs every means of sending and storing information that the individual can use.*¹³

Johnson could have been describing the Internet. Today, this “network for knowledge” has woven itself into the fabric of our daily lives. “Eventually,” Johnson stated, “I think this electronic knowledge bank could be as valuable as the Federal Reserve Bank.”¹⁴

This “electronic knowledge” bank has today become essential to commerce, education, information sharing, social life and civic engagement. Yet despite online media’s proven ability to spread knowledge, our public media system remains overly bound to the structure of its several hundred radio and television stations. As technology advances and media continue to converge, most public broadcasting stations (with some notable exceptions) are struggling to remain relevant and to adopt digital platforms and delivery systems, with few resources to support their transition.

As we look toward what public media will be in the 21st century, it is clear that the era of one-way broadcasting is over. This does not mean that stations should disappear. On the contrary, the need for these stations has never been more important. While the Internet may be an excellent resource for many things, it is not a viable replacement for newsrooms and content production facilities. And with local newspapers declining and other commercial media cutting back on local content, the demand for local stations to step into this space is only increasing.

Strengths in Public Media: Arts and Education

Despite the challenges, public broadcasters — and public media more broadly — have been leaders in certain areas. Public broadcasters have a legacy of producing arts and cultural programming that cannot be found anywhere else on the dial. Their history of award-winning educational programs for children and adults has made them a trusted resource. About 80 percent of the American public believes that taxpayer investment in public broadcasting is money “well spent.”¹⁵

¹³ Johnson, *ibid.*

¹⁴ Johnson, *ibid.*

¹⁵ GfK Roper Public Affairs & Media Survey, 2010

By providing what commercial media will not, these broadcasters have earned an extraordinary reputation for public service. Public broadcasting's mandate under the law describes its critical role in serving "instructional, educational, and cultural purposes" that the market has little incentive to provide. Public broadcasting offers niche interest programming, educational shows, and programs that appeal to the interests of unserved and underserved communities. As the second Carnegie Commission, which convened a decade after the first one to assess the state of the system, wrote in 1978:

The non-profit sector – in education, public service, and the arts – has a different bottom line from the business community. In an ultimate sense, its contributions to human betterment constitute its 'profit.' This is a unique form of social dividend that Western society has devised as a counterweight to the implacable economic laws of the marketplace.¹⁶

The current system's success in arts and educational programming shows the need for continued investment in these areas and highlights the promise for what could be achieved with the right reforms and greater resources.

Arts and Culture

Among those who testified before the original Carnegie Commission was author E.B. White, who offered a compelling vision of public media's potential:

Non-commercial TV should address itself to the ideal of excellence, not the idea of acceptability — which is what keeps commercial TV from climbing the staircase. I think TV should be providing the visual counterpart of the literary essay, should arouse our dreams, satisfy our hunger for beauty, take us on journeys, enable us to participate in events, present great drama and music, explore the sea and the sky and the woods and the hills. It should be our Lyceum, our Chautauqua, our Minsky's, and our Camelot. It should restate and clarify the social dilemma and the political pickle. Once in a while it does, and you get a quick glimpse of its potential.¹⁷

While not always reaching White's high bar, there's no question the public media system has made invaluable contributions to culture and the arts. Signature programs such as *Great Performances*, *From the Top*, and *Dance in America* have brought culture into the homes of millions of Americans. Public television and radio stations are often the only source of broadcast arts programming in much of the country. And public radio stations provide the majority of classical and jazz music programming today. Many local stations also report on arts and culture events in their communities or partner with local community arts organizations to host events and performances.

Artists and cultural communities are natural allies of public broadcasters and public media. With only a fraction of the creative community — in music, film, dance, photography, etc. — having access to the necessary production equipment, distribution networks and marketing to reach a wide audience, public broadcasting has provided a platform for creative works that span a range of genres.

¹⁶ "A Public Trust: The Report of the Carnegie Commission on the Future of Public Broadcasting (Carnegie II)," Summary of Findings and Recommendations, 1978.

¹⁷ "E.B. White's letter to Carnegie I," Sept. 26, 1966.

Public media offer both “high culture” performances like opera or ballet, as well as more pop-culture programming with shows like PBS’s *Austin City Limits* and NPR’s *All Songs Considered*. However, public media could take a broader view of what constitutes “arts” programming. Public broadcasting funds programming and projects that lean toward audiences that are generally older and whiter, and public media could play a much bigger role in promoting new, alternative and diverse voices in the art world.

Narrow definitions of art and culture in programming choices have created problems and conflict within this sector. If public media were not so hampered by their limited funding, we might see a greater willingness to take risks and experiment. By applying a wider lens to arts and cultural programming, public media might draw a broader, more diverse and larger audience.

Education and Children’s Programming

The cornerstone of the public media system is its gold standard educational content.¹⁸ PBS provides high-quality documentaries; wide-ranging miniseries and specials; and award-winning history and science programs such as *NOVA*, the highest rated science series on TV, *Nature*, now in its 28th season, and *American Experience*, the most watched history series on television.

But public broadcasting is probably best known for its children’s content. From the acclaimed *Sesame Street* to the high-energy reality series *Design Squad* — where kids can learn about engineering — PBS has programming specifically produced for preschool-aged children (PBS Kids) and children ages 6-8 (PBS KidsGo). PBS has won more Emmy Awards than all broadcast and cable networks for children’s programming for 12 consecutive years.¹⁹

In addition to TV programming for children, PBS has also invested heavily in online resources to complement and augment its programming. The suite of PBS Kids’ websites attracts millions of viewers. Upon the debut of the PBS Kids video player in December 2009, more than 87.5 million videos were streamed that month.²⁰ PBS has also developed other programs designed to involve parents, caregivers and teachers, and to move learning beyond TV screens and into homes, schools and the community.

This record of accomplishment sharply contrasts with the programming for kids offered by commercial media. While, on average, PBS affiliates offer 11 hours of children’s educational programming *per day*, most commercial broadcasters air less than four hours *per week*.²¹ According to a recent study of educational programming by Children Now, only 3 percent of stations exceeded four hours per week of children’s programming.²²

¹⁸ The authors acknowledge and thank Stevie Converse of Free Press for her contributions to this section.

¹⁹ PBS.org

²⁰ “PBS Kids Website Break Video View Records,” PBS.org, Jan. 13, 2009.

²¹ Free Press research based on top 25 markets.

²² Children Now, “Educationally/Insufficient: An Analysis of the Availability & Educational Quality of Children’s E/I Programming,” 2008, p.5

Moreover, what passes for children's educational programming today on commercial TV is of questionable value. Pursuant to the goals of the Children's Television Act of 1990, FCC rules requires broadcast television stations to air at least three hours of educational children's programming per week to receive expedited renewal of their licenses.²³ While these provisions have been successful in ensuring that television stations air at least some educational programming designed to meet the needs of children, they do not appear to have been as successful in ensuring the educational quality of that programming.

In the past, some stations sought to meet the government's requirements by airing shows such as *The Flintstones*, arguing that it taught children history.²⁴ A review of recent reports filed by commercial stations with the FCC detailing fulfillment of their children's programming obligations reveals that shows such as *Hannah Montana* and *Saved by the Bell* frequently were used to meet this congressional requirement.²⁵ While perhaps entertaining, these shows can hardly be described as educational, are already aired on cable channels, and are interspersed with advertising, much of it for sugary snacks and fast food.

Most children's programming is aired in time slots that are of low value to broadcasters, during times when very little of the target audience is actually able to watch. A review by the Annenberg Policy Center found that only 7 percent of Children's Television Act programming was aired in the afternoons, a time when many children are in front of the television.²⁶

On the other hand, Children Now found that PBS shows are among the most educational on television, featuring more cognitive and intellectual lessons, and scoring, on average, more than a full point higher on the group's quality assessment scale (9.1) than did those airing on commercial channels (7.9).²⁷ The group wrote:

*PBS offers some of the most highly educational programs on broadcast television and serves as a model of successful educational programming for commercial broadcasters. Educational programs on PBS were more likely to contain high-quality lessons that focused on cognitive- intellectual content, and less likely to contain aggression, than were programs on commercial stations.*²⁸

PBS also has no commercials interrupting its programs. While FCC rules limit the amount of advertising that commercial stations may air during children's shows, children viewing such programming are nonetheless exposed to a significant amount of advertising.²⁹ The unrelenting

²³ *Policies and Rules Concerning Children's Television Programming*, 11 FCC Rcd 10660, 10661-63 (1996). Under the processing guideline, stations that air a minimum of three hours, per week, of core educational children's programming may have their license renewed by the FCC staff. Stations airing less than three hours of core programming will have their renewal application referred to the full commission. *Id.* at 10723-24.

²⁴ Dale Kunkel, "Policy Battles Over Defining Children's Educational Television," *Annals of the American Academy of Political and Social Science*, 557, May 1998, pp. 39-53.

²⁵ The full list is searchable at <http://fjallfoss.fcc.gov/KidVid/public/report/9/index.faces>.

²⁶ Amy B. Jordan, "Is the Three-Hour Rule Living Up to Its Potential?" Annenberg Public Policy Center of the University of Pennsylvania, 2000.

²⁷ Children Now, *ibid.*

²⁸ Children Now, *ibid.*

²⁹ The FCC rules limit commercials in children's programming to 10.5 minutes per hour on weekends and 12 minutes per hour on weekdays. 47 C.F.R. § 73.670.

increase in marketing to children comes at the expense of their health. Research by the Kaiser Family Foundation, the British Food Commission, and the Institutes of Medicine link child-targeted marketing to childhood obesity³⁰ Indeed, a 2007 Kaiser Family Foundation study found that half of all ad time on children's shows is for food and that children's shows tend to have the greatest proportion of food ads.³¹

Research also suggests that marketing can encourage eating disorders, precocious sexuality and family stress, and contributes to children's diminished capability to play creatively.³² Other studies indicate that heavy television watching changes the way that the brain develops, affecting children's ability to learn, and leading to problems such as ADD and ADHD. Many studies link children's exposure to media violence to violent and aggressive behavior, anxiety, depression and to sleep problems in children.³³

Unfortunately, funding cuts are blurring the lines between public and commercial media. Public broadcasters seeking more sustainable forms of income and have become increasingly reliant on support from corporate underwriters and character licensing. Forming partnerships with corporations such as Microsoft and Disney, PBS executives now routinely define the organization in terms of branding and licensing agreements — the language of marketers.³⁴

Public Media and 'Saving' Journalism

Nearly one-third of all journalism jobs have been cut in the last decade.³⁵ As more journalists have been laid off and local news bureaus have been shuttered, those in power increasingly avoid the scrutiny of a strong Fourth Estate.

A recent study of Los Angeles television news by the University of Southern California documents, on average, 22 seconds of local government coverage, and finds that only half of a 30-minute news show is devoted to news. Teasers and advertisements account for more than one-third of each half-hour news show.³⁶ The need for quality media — especially at the local level — is acute.

While the Internet has enabled the rise of impressive institutions and resources in some communities — highlighting new and diverse voices and telling stories that are often ignored by mainstream media outlets — it still has not proven to be a replacement for traditional news sources, especially for newspapers. Studies show that the majority of enterprise reporting is done

³⁰ Susan Linn and Josh Golin, "Beyond Commercials: How Food Marketers Target Children," *Loyola of Los Angeles Law Review*, Fall 2005.

³¹ *Food for Thought: Television Food Advertising to Children in the United States*, Kaiser Family Foundation, 2007.

³² Juliet Schor, *Born to Buy: The Commercialized Child and the New Consumer Culture*, New York: Scribner, 2004; Susan Linn, *Consuming Kids: The Hostile Takeover of Childhood*. New York: New Press, 2005; Campaign for a Commercial-Free Childhood.

³³ *Consuming Kids: The Commercialization of Childhood*, Media Education Foundation, 2009.

³⁴ Susan Linn, *Consuming Kids: Protecting Our Children from the Onslaught of Marketing and Advertising*, 2004.

³⁵ "The State of the News Media 2010," Pew Project for Excellence in Journalism

³⁶ Martin Kaplan and Matthew Hale, "Local TV News in the Los Angeles Media Market: Are Stations Serving the Public Interest?" The Norman Lear Center, USC Annenberg School for Communications & Journalism, March 11, 2010.

by newspapers.³⁷ Most Web traffic for news is directed toward the same large media conglomerates that dominate legacy media.³⁸ And even after decades of newsroom layoffs and broad cost-cutting, traditional news outlets continue to produce the vast majority of original reporting — 95 percent, according to a recent Pew study.³⁹

The stakes are high. As Robert W. McChesney and John Nichols, two of the co-founders of Free Press, recently wrote in *The Nation*:

*The implications are clear: if our policy-makers do nothing, if "business as usual" prevails, we face a future where there will be relatively few paid journalists working in competing newsrooms with editors, fact-checkers, travel budgets and institutional support. Vast areas of public life and government activity will take place in the dark — as is already the case in many statehouses across the country. Independent and insightful coverage of the basic workings of local, state and federal government, and of our many interventions and occupations abroad, is disappearing as rapidly as the rainforests. The political implications are dire. ... Popular rule doesn't work without an informed citizenry, and an informed citizenry cannot exist without credible journalism.*⁴⁰

Many journalists and opinion leaders still take a dim view of government-supported journalism. In fact, a recent survey of senior news executives by the Project for Excellence in Journalism found that 75 percent “have serious reservations about receiving government subsidies.”⁴¹

These reservations are misguided, and the need to overcome them is urgent. We need to move now to revitalize the noncommercial media sector and take dramatic steps toward filling the growing information gap. The foundation already exists — a nationwide public media network that reaches into cities and towns across America, with rich connections to local communities. By building on this network, public media can capitalize on its extensive reach and reliable brand to catapult them into a leadership position in a changing media landscape.

Several recent major reports have pointed to more public media as perhaps the best response to the journalism crisis. Though their specific recommendations vary, support for reinvesting in public media is nearly universal.

Perhaps the most influential of these reports is the “Knight Commission Report on the Information Needs of Communities in a Democracy.”⁴² The authors of the Knight report define “informed communities” as places where there is sufficient information available to meet the personal civic information needs of the people. The report explains:

This means people have the news and information they need to take advantage of life's opportunities for themselves and their families. They need information to participate fully in our

³⁷ *How News Happens*, *ibid.*

³⁸ *State of the News Media 2010*, *ibid.*

³⁹ *How News Happens*, *ibid.*

⁴⁰ Robert W. McChesney and John Nichols, “How to Save Journalism,” *The Nation*, Jan. 7, 2010.

⁴¹ Pew Research Center Project for Excellence in Journalism, “News Executives, Skeptical of Government Subsidies, See Opportunity in Technology but Are Unsure About Revenue and the Future,” April 12, 2010. Also, Pew Research Center Project for Excellence in Journalism, “News Leaders and the Future,” *State of the News Media 2010*.

⁴² *Informing Communities: Sustaining Democracy in the Digital Age*, Knight Commission on the Information Needs of Communities in a Democracy, Oct. 2, 2009.

*system of self-government, to stand up and be heard. Driving this vision are the critical democratic values of openness, inclusion, participation, empowerment, and the common pursuit of truth and the public interest.*⁴³

The way to meet those needs is changing, as is the face of journalism itself. New models for interactive research, “crowd-sourcing techniques,” citizen reporting and social media have allowed journalists and news organizations to interact with “the people formerly known as the audience” in entirely new ways. Some of these initiatives — like the *Huffington Post*’s citizen journalism project “Off the Bus” or the local news sites *MinnPost* and *Voice of San Diego* — have succeeded in engaging the public by providing quality news, but their scalability and sustainability are in question.

This kind of local engagement and in-depth reporting is precisely what public media are best positioned to accomplish. NPR has nearly 700 stations, and its listenership — about 20.9 million people per week in 2009 — is on the rise, even though overall radio listenership is dropping.⁴⁴ NPR has repeatedly stated its commitment to expanding its journalism operations and making “public radio America’s most trusted and most widely used source of daily journalism.” It seems audiences themselves are searching for it, too. The CPB reports that listenership for news stations is growing dramatically — outpacing the growth of public radio listenership in general.⁴⁵

With nearly 350 public television stations currently receiving support from the CPB, another national network of facilities could be empowered to increase production of local news content. The CPB appears to recognize the importance of this role. In its appropriations request to Congress for 2010 and 2011, the CPB notes that its stations serve as “a valuable connector and partner ... [providing] a range of free broadcast and online services and tools that serve people at the local level on issues affecting the community. This is public service achieving our mission through engagement, information and measureable help to improve the lives of all Americans.”⁴⁶

Columbia University Professor Michael Schudson and former *Washington Post* Editor Len Downie outlined their ambitions for public media in their 2009 report, *The Reconstruction of American Journalism*:

The CPB should declare that local news reporting is a top priority for public broadcasting and change its allocation of resources accordingly. Local news reporting is an essential part of the public education function that American public radio and television have been charged with fulfilling since their inception. The CPB should require a minimum amount of local news reporting by every public radio and television station receiving CPB money and require stations to report publicly to the CPB on their progress in reaching specified goals.

⁴³ *Informing Communities, ibid.*

⁴⁴ Paul Farhi, “Consider This: NPR Achieves Record Ratings,” *Washington Post*, March 24, 2009.

⁴⁵ “Public Radio in the New Network Age Wider Use, Deeper Value, Compelling Change,” Public Radio Audience Growth Task Force, 2010, p.22.

⁴⁶ Corporation for Public Broadcasting, “Appropriation Request and Justification, FY 2010 and FY 2012,” Submitted to the Labor, Health and Human Services, Education, and Related Agencies Subcommittee of the House Appropriations Committee and the Labor, Health and Human Services, Education, and Related Agencies Subcommittee of the Senate Appropriations Committee, May 2009.

*The CPB should increase and speed up its direct funding for experiments in more robust and creative local news coverage by public stations both on the air and on their websites. The CPB should also aggressively encourage and reward collaborations by public stations with other local nonprofit and university news organizations.*⁴⁷

The CPB, NPR and PBS are responding to these calls to action. They have announced investments of more than \$12.5 million in 2010 in new projects that will focus specifically on the production of local journalism and collaborative multimedia experiments.⁴⁸ Initiatives like the Argo Project, which will expand the reporting capacity of a dozen public radio stations on issue-specific areas, such as the environment and immigration, show a new commitment to journalism by the system's leadership. So does the latest multi-million-dollar investment from the CPB in a series of "local journalism centers," which will provide funding for cross-station collaboration in seven regions to create multi-media journalist teams that will produce in-depth news and public affairs content.⁴⁹ In an effort to build the "journalistic capacity of public radio and television stations," the CPB is also funding a census on the exact number of reporters currently employed in public broadcasting.⁵⁰

The CPB should be applauded for funding projects that will expand reporting on the local level, and these small initiatives and experiments will bring valuable perspectives to future decision making. But as exciting and valuable as these new initiatives are, they will be mere drops in the bucket. With estimates of nearly 13,500 newspaper jobs lost in just the past three years, it is critical that we begin regaining ground quickly.⁵¹

⁴⁷ Leonard Downie Jr. and Michael Schudson, *The Reconstruction of American Journalism*, Oct. 20, 2009.

⁴⁸ This figure is derived from the combined investments of the CPB's Project Argo (\$2 million) and the Local Journalism Centers (\$10.5 million).

⁴⁹ "Corporation for Public Broadcasting Launches New Local Journalism Initiative," CPB, March 25, 2010.

⁵⁰ "Grow the Audience: A Census of Journalists in Public Radio and Television," Corporation for Public Broadcasting.

⁵¹ "Decline in newsroom jobs slows," American Society of News Editors, April 11, 2010

PART TWO: FUNDING A PUBLIC MEDIA TRUST

How Public Media Are Funded

Historically, public broadcasters have been reluctant to enter the charged world of lobbying and political advocacy to push for increased funding and stronger protections against political influence. But the existing system of funding through congressional appropriations has also paralyzed the sector. Instead of pursuing opportunities to correct large problems — such as restructuring the funding mechanism to be more sustainable — public broadcasters and their umbrella organizations who do lobby on Capitol Hill are too often focused only on the short term.

So cautious have public broadcasters become in Washington after years of attacks from Congress that they've failed to seize on valuable opportunities like the 2009 Recovery Act. With nearly a trillion dollars on the table, public broadcasters failed to make a viable proposal for increased funding. Part of the problem stems from the difficulty in reconciling disparate needs and approaches from the various players in television, radio and at the CPB. It is easy to see why public broadcasting continues to “play it safe.” But that does not mean expectations should diminish.⁵²

Since 1975, the CPB has been on a two-year advanced appropriation schedule, meaning that the 2010 budget was appropriated during the 2008 budget process. President Gerald Ford put this advanced appropriation system in place, hoping to shield the CPB from the vagaries of political sentiment. Ford initially asked for five-year advanced appropriations, but had to settle for a two-year cycle in the face of congressional opposition.⁵³

The Communications Act governs the CPB, its mission and goals, and it outlines certain funding restrictions. Generally speaking, the CPB is mandated to distribute the funds as follows:

- No more than 11 percent can be used to support the operations of the CPB.
- 75 percent of funds will be directed toward television (for a mix of grants and programming).
- 25 percent of funds will be directed to radio (for a mix of grants, programming acquisition and program production).

The CPB is the largest single source of funding for public television and radio programming. It awards grants to program creators and to individual stations. The 2010 federal appropriation is \$420 million. Around \$21 million of that amount goes toward CPB administrative costs, and \$25 million is budgeted for system-wide support. More than \$275 million is for direct grants to stations (\$210 million for television stations and \$65 million for radio stations). More than \$71.5

⁵² The authors wish to acknowledge and thank Dr. Kimberly Zarkin of Westminster College for her contributions to this section and other parts of this paper.

⁵³ George Gibson, *Public Broadcasting: The Role of the Federal Government, 1912-76*. Praeger Publishers, 1977, p. 210-219.

million is set aside for television programming grants, and more than \$28.5 million is budgeted for radio programming grants and the National Program Production and Acquisition grants.⁵⁴

PBS is primarily supported by its 356 member stations, with approximately 58 percent of its 2008 operating revenue coming from member stations. The CPB and other federal grants provide an additional 16 percent of PBS's operating revenue. The remaining revenue comes from royalties, investments and other ventures. Between 1970 and 1982, NPR was almost entirely funded by CPB. But a financial scandal in 1983 necessitated a bailout from both the CPB and member stations. Beginning in 1985, CPB grants were given directly to radio stations, instead of to NPR.⁵⁵ Currently, NPR receives less than 2 percent of its annual budget from the CPB.

While direct support from the CPB represents small portions of the NPR and PBS budgets, it is important to note that many member stations for both organizations receive budgetary support from the CPB. The amount of station funding varies widely, with some public television and radio stations receiving no CPB support, and others getting as much as half of their annual budget in grants. This means that at least some of the money flowing from the stations to NPR and PBS likely comes from the CPB's coffers. The amount of money each station receives is based on CPB formulas that take into account a variety of factors, including the station's location, audience and staffing.

For 2010, the CPB has approximately \$100 million budgeted for programming support. Much of the programming found on public radio and television is the work of independent producers including Public Radio International and the Independent Television Service. In 2008, the CPB granted PRI \$1.5 million, and ITVS received grants totaling \$13 million.⁵⁶ These are just two of the wide range of independent organizations that produce programming for public broadcasting. Programming is also created at some of the larger public stations, including Boston's WGBH (which produces *Frontline* and *Nova*), and New York's WNET (which produces *Charlie Rose* and *NOW*). In 2008, WGBH television and radio and the WGBH Foundation received CPB support totaling nearly \$22 million. WNET television and radio received more than \$12 million.⁵⁷

In addition to independent producers and stations, another programming source is the National Minority Consortia. The Consortia was formed to increase programming by, about and for minority communities. The Consortia members currently include the Center for Asian American Media, the National Black Programming Consortium, Native American Public Telecommunications, Pacific Islanders in Communications and Latino Public Broadcasting. The CPB provides grants to these organizations to help fund production of programming relevant to their communities. In 2008, each of these organizations received just over \$1.2 million from the CPB, with nearly half of each grant earmarked specifically for production. Each group uses that money to fund a number of projects each year.

In sum, the \$420 million in the 2010 federal appropriation for public media is stretched to fund national and local content producers and hundreds of stations across the country. It pays for documentaries, television and radio series, journalists and general managers. But the federal

⁵⁴ Corporation for Public Broadcasting, FY 2010 Operating Budget, Allocation of FY 2010 Appropriation.

⁵⁵ See "GAO statement on NPR financial crisis, 1984," Public Broadcasting PolicyBase, Current.org.

⁵⁶ Corporation for Public Broadcasting, Annual Report 2008.

⁵⁷ Corporation for Public Broadcasting, *ibid*

investment is so low that public media makers have come to rely more heavily on revenue from other sources, such as listener support, the philanthropic community and corporate underwriting — all of which have dipped in the current recession. Crucial resources that could have gone to local journalism and other projects have been diverted toward attracting sponsors. And since the largest station grants from the CPB allocate funding proportionate to the amount stations are able to fundraise, they have not been able to count on a steady and secure revenue stream from taxpayer dollars.

Less than 20 percent of the public broadcasting system's overall funding comes from the federal government.⁵⁸ The majority of their funding comes from other sources, such as underwriting, state and local funds, and private donations. And while this funding is used to produce essential programming that would not otherwise exist, there is nonetheless a scarcity of public media providing local news. Outside of radio in select markets, there is very little original local news production in the public media sector. The reasons for this are numerous, but none is greater than the lack of adequate financial support.

While public media remain extremely popular with the public, lawmakers have failed to translate this into a mandate for adequate support for the public media system. Without sufficient financial support, we will never have a public media system that produces content that fully serves the public's needs.

Relying on the annual appropriations process alone will not produce sufficient funding. An independent, supplemental funding mechanism must be created as an endowment for public media in the form of a trust. The trust could be funded in a variety of ways, which are described below.

New Funding Models

We have hamstrung the public media system by making it overly dependent upon support from corporate underwriters and fickle congressional appropriators. The issue of long-term support for public media has been written about and debated in numerous forums. The purpose of this section is not to reinvent the wheel, nor to retread old ground. It is simply to put forward the most promising financing options. We purposely do not put an exact price tag on the "appropriate" amount of financing, but assume that it is certainly much higher than the current levels — some five to 10 times as much in annual public funds.

The best way to fund the public media system from an economic efficiency standpoint would be to simply increase the amount of annual appropriations. While this would certainly be welcome, leaving the system vulnerable to the ever shifting political winds in Washington is not a viable long-term strategy. If our goal were to create a self-sufficient system after 10 years, and the only source of this funding was increased appropriations, Congress would have to raise its cumulative 2010-2019 appropriation commitment from \$4.6 billion to \$24.1 billion — an average annual appropriation six times the current level. It is hard to fathom this increase occurring under even the most favorable political circumstances. Thus, while increased appropriations are sorely needed under today's model, appropriations alone are not a recipe for long-term fiscal independence.

⁵⁸ National Broadband Plan, Chapter 15, Recommendation 15.6

Moreover, we must not forget that during the middle part of the last decade, the CPB's funding was on the chopping block — even as stations were undertaking the expensive transition to digital broadcasting. Leaving the system vulnerable to such threats of funding cuts is not wise. It makes the system afraid to embark on bold measures, and forever weary of producing content that might agitate political elites who hold the purse strings. Furthermore, it pushes the system to be more reliant on corporate backing via the underwriting process. This reliance on corporate dollars adversely influences editorial independence and is subject to the mercy of the ups and downs in the advertising economy. Finally, it compounds the existing problem of public broadcasters favoring programming that is appealing to the same audiences sought by corporate sponsors.

What's needed instead is a trust fund seeded with a large endowment and operated by the Corporation for Public Broadcasting (or better yet, a newly mandated Corporation for Public *Media*). A trust-based funding approach is the best way to ensure the system's long-term viability, as well as its freedom from undue commercial and political pressures.

We analyze funding options below in part by examining whether they are appropriate for such a trust-based model. Our financial models assume that funds will be used to supplement increased annual budgets in the near term, while also seeding a trust that will eventually enable the public media system to become nearly or completely self-sufficient. We assume that it will take a number of years to build a sufficient trust fund, but that once it is established and sufficiently endowed, it would allow public funding to eventually be reduced to zero.

Public Airwaves, Public Interest Obligations

Twenty-first-century public media must embrace new and mobile media, but for the foreseeable future, much of the system's output will be the same as it is today — radio and television broadcasting. Since broadcasting depends upon the use of publicly owned airwaves, or “spectrum,” it is a natural place to start when examining possible financial support streams.

Though it is rarely discussed, the commercial broadcasting sector is one of the most heavily subsidized industries in our economy. Broadcasters' most important resource — the airwaves used to transmit their signals — is provided by the government at no cost. This spectrum by itself has a potential value of hundreds of billions of dollars.⁵⁹

Television broadcasters also get another in-kind government subsidy — the government-guaranteed rights to have their channels carried on cable and satellite systems, or, in lieu of that, the right to demand payment from cable companies for carrying those signals. In fact, this “must-carry” subsidy is arguably more important to broadcasters than the spectrum itself, as only approximately 10 percent of U.S. households receive their local TV stations via an over-the-air signal.⁶⁰

⁵⁹ See e.g. “Remarks of Commissioner Michael J. Copps, Free Press Media Reform Conference, Memphis, Tennessee,” Jan. 12, 2007. Available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-269500A1.pdf.

⁶⁰ This fact, combined with the fact that the television broadcast spectrum is one of the most valuable portions of the airwaves due to its superior physical propagation characterizes, points to the incredible waste and inefficiency of using this resource to deliver TV to a dwindling number of households. This does not mean that the programming itself does not have value; just that using the spectrum to deliver it is not the most efficient use of this scarce resource, when other methods exist for ensuring every TV household have access to local programming.

These publicly owned airwaves are given over to broadcasters to use in monopolistic fashion in exchange for their promise to act in the public's best interest. The National Association of Broadcasters has claimed that the value of this in-kind transfer is nearly \$10 billion per year — or about \$1 million per commercial full-power station.⁶¹ Public service announcements supposedly account for \$7 billion of this total.

Even assuming that such figures are accurate, this deal is not a win for the public. The programming that is in the best interest of the public is usually not the same programming that serves to maximize broadcasters' profits. And market disincentives, coupled with a lack of meaningful public interest requirements or reporting mechanisms, mean that broadcasters have virtually no affirmative duties to serve local communities.

Additionally, in the 1980s, the FCC eliminated the formal license renewal processes and guidelines that in the past had ensured a modicum of public service programming.⁶² In 1960, the FCC issued a report outlining 14 programming areas usually tied to public interest obligations. These included public affairs broadcasts, political programs and service to minority groups.⁶³ As FCC Commissioner Michael Copps remarked during a workshop held as part of the agency's 2010 Future of Media proceeding:

There never has been a Golden Age of the Public Interest — but there were years when we had meaningful public interest guidelines and when we at least went through the motions of public interest reviews. And broadcasters knew then — and I've had many of the industry's greats tell me this — that the Ed Murrow era of journalism wasn't fueled by just a more public-spirited attitude on the part of the broadcast industry, but equally or more so by the knowledge that this was the deal; this was the expectation; it's what was needed to be produced in return for the license to operate.⁶⁴

In a tide of deregulatory fervor since then, license renewals have been reduced to a postcard and a rubber stamp, and expectations for how broadcasters will use the public airwaves to serve their communities have diminished. Indeed, the only significant requirement that broadcasters still have to meet is their duty serve the educational needs of children through the provision of educational programming and to limit advertising material aired during such programming.⁶⁵ Yet,

⁶¹ The industry has a Web site (<http://www.broadcastpublicservice.org/>) that claims \$10.3 billion in annual public interest efforts. \$7 billion of this comes from donated airtime for public service announcements (though given the commonly known practice of running PSAs in unsold slots, this is a dubious claim at best). Another \$2 billion is claimed in "charitable contributions," and an additional \$1.3 billion in "disaster relief." But it is quite likely that much of this would occur even if the broadcasters had to pay for their spectrum.

⁶² See *The Revision of Programming and Commercialization Policies, Ascertainment Requirements, and Program Log Requirements for Commercial Television Stations*, Report and Order, 98 FCC 2d 1075 (1984); *Deregulation of Radio*, Report and Order, 84 FCC 2d 968, at ¶105 (1981) (aff'd in part and rev'd in part by *Office of Communication of United Church of Christ v. FCC*, 707 F.2d 1413, 1441 (D.C. Cir. 1983) ("UCC III").

⁶³ "Report and Statement of Policy re: Commission en banc Programming Inquiry", 44 F.C.C. 2303, 2314, 2316 (1960).

⁶⁴ Statement of Commissioner Copps, Remarks on the Future of Media Workshop, March 4, 2010.

⁶⁵ See Children's Television Act of 1990, P.L. 101-437. The Children's Television Act of 1990 ("CTA") was passed to achieve two goals: (1) to increase the amount educational television programming specifically designed for children, [47 U.S.C. § 303b](#); and (2) to minimize the amount of commercial content accompanying children's television programming in general. [47 U.S.C. § 303b](#). An FCC processing guideline adopted pursuant to the CTA requires broadcasters to air a minimum of 3 hours of educational or informational children's programming per week in order to receive expedited processing of their license

with virtually no FCC enforcement, broadcasters are increasingly airing less programming that can even remotely be deemed to be in the general “public interest.”

The value of public interest programming provided by broadcasters is quite low in comparison to the value of the spectrum that they are given for free — and that it is likely that these same faux-educational programs would be aired absent *any* public interest obligations. Something should be done to correct this waste of public resources.

Spectrum Use Fees

With the recognition that the public is on the losing end of the bargain with commercial broadcasters, we can move forward with spectrum use policies that are more efficient and produce a better outcome for the public. Broadcasters should be treated like any other business that uses public resources: They should pay rent for the spectrum they use. Levying a spectrum use fee on broadcasters, and directing the revenue generated toward a public media trust fund, will correct the inefficiencies created by free spectrum giveaways, while addressing broadcasters’ poor record of public service.

Given that local broadcast station revenues totaled about \$36 billion in 2007,⁶⁶ the most recent year for which we have data, applying a relatively modest 5 percent spectrum use fee would generate nearly \$1.8 billion in annual funding for public media — more than four times the current annual appropriations. Such a fee would amount to an \$800,000 annual assessment for the average public TV station and \$65,000 for the average public radio station (see Figure 2).

Figure 2: Annual Spectrum Use Fee

Spectrum Use Fee (percent of revenue)	Annual Fee Paid by Average Broadcast TV Station	Annual Fee Paid by Average Broadcast Radio Station	Total Annual Fees paid by Broadcast TV Stations	Total Annual Fees paid by Broadcast Radio Stations	Total Broadcast Spectrum Fees
0.5%	\$80,665	\$6,495	\$110,457,500	\$68,237,480	\$178,694,980
1%	\$161,330	\$12,990	\$220,915,000	\$136,474,960	\$357,389,960
2%	\$322,660	\$25,980	\$441,830,000	\$272,949,920	\$714,779,920
3%	\$483,990	\$38,970	\$662,745,000	\$409,424,880	\$1,072,169,880
4%	\$645,320	\$51,960	\$883,660,000	\$545,899,840	\$1,429,559,840
5%	\$806,650	\$64,950	\$1,104,575,000	\$682,374,800	\$1,786,949,800

Source: Free Press estimations based on revenue data from BIA Media Access Pro.

renewals. 47 C.F.R. § 73.671. FCC rules limit commercials in children’s programming to 10.5 minutes per hour on weekends and 12 minutes per hour on weekdays. 47 C.F.R. § 73.670.

⁶⁶ This figure is revenues from local broadcast television and radio stations. It is common in media reports for figures approaching \$50 billion to be quoted, but this includes revenues for advertising placed on broadcast networks, revenues that would not be subject to license fees.

The fiscal impact of such fees would be widely distributed throughout the economy, as broadcasters would pass the cost along to advertisers in the form of higher advertising rates. To lessen any concerns about “rate shock,” the fees could be phased in over a brief time period (e.g., if the fee was 5 percent, it could be phased in over a period of five years).

But is this funding mechanism appropriate for a public media trust-fund model? Yes, but it would require a long-term path to get there.

We propose the following 20-year plan:

- 1) A spectrum use fee of 1 percent to 5 percent of annual revenues would be phased in over a five-year period.
- 2) Congressional appropriations for CPB would continue.
- 3) During the first 10-year period, the total public media budget would consist of the annual appropriations plus 10 percent of the gross receipts from the spectrum fee, with the remaining fee revenues deposited in the trust fund.
- 4) At the end of the first 10-year period, remaining fees would be deposited in the trust fund.
- 5) At the end of a 20-year period, the spectrum use fee would be re-evaluated, with an assumption that changing viewer habits and technological progress would likely lead to the spectrum being repurposed for higher-value uses.
- 6) After the 20th year, the public media system would be solely supported by interest from the trust fund, and annual appropriations could be terminated.
- 7) We assume for the purposes of projecting revenues under this plan that broadcast industry revenues would increase by 3 percent each year, and that annual congressional appropriations would also increase by 3 percent during years one through 10. We also assume that the trust fund would earn interest at a rate of 5 percent annually.

As detailed in Figure 3 below, this proposal would result in a steady increase in public media funding from today’s \$400 million per year, to an additional \$650 million in five years, to more than \$800 million after 10 years, eventually resulting in a self-sustaining annual budget approaching \$2.5 billion after 20 years.

Figure 3: Using Annual Spectrum Use Fees to Establish a Public Media Trust Fund

Year	Spectrum Fee	Expected Industry Revenues	Revenues for Trust Fund	Congressional Appropriations	Annual Public Media Budget	Trust Fund Balance
2010	1%	\$35,000,000,000	\$350,000,000	\$405,000,000	\$440,000,000	\$315,000,000
2011	2%	\$36,050,000,000	\$721,000,000	\$417,150,000	\$489,250,000	\$979,650,000
2012	3%	\$37,131,500,000	\$1,113,945,000	\$429,664,500	\$541,059,000	\$2,031,183,000
2013	4%	\$38,245,445,000	\$1,529,817,800	\$442,554,435	\$595,536,215	\$3,509,578,170
2014	5%	\$39,392,808,350	\$1,969,640,418	\$455,831,068	\$652,795,110	\$5,457,733,454
2015	5%	\$40,574,592,601	\$2,028,729,630	\$469,506,000	\$672,378,963	\$7,556,476,794
2016	5%	\$41,791,830,379	\$2,089,591,519	\$483,591,180	\$692,550,332	\$9,814,933,001
2017	5%	\$43,045,585,290	\$2,152,279,264	\$498,098,915	\$713,326,842	\$12,242,730,989
2018	5%	\$44,336,952,849	\$2,216,847,642	\$513,041,883	\$734,726,647	\$14,850,030,416
2019	5%	\$45,667,061,434	\$2,283,353,072	\$528,433,139	\$756,768,447	\$17,647,549,702
2020	5%	\$47,037,073,277	\$2,351,853,664	\$0	\$832,445,291	\$20,049,335,559
2021	5%	\$48,448,185,475	\$2,422,409,274	\$0	\$915,689,820	\$22,558,521,791
2022	5%	\$49,901,631,040	\$2,495,081,552	\$0	\$1,007,258,802	\$25,174,270,630
2023	5%	\$51,398,679,971	\$2,569,933,999	\$0	\$1,107,984,683	\$27,894,933,477
2024	5%	\$52,940,640,370	\$2,647,032,018	\$0	\$1,218,783,151	\$30,717,929,019
2025	5%	\$54,528,859,581	\$2,726,442,979	\$0	\$1,340,661,466	\$33,639,606,982
2026	5%	\$56,164,725,368	\$2,808,236,268	\$0	\$1,474,727,613	\$36,655,095,987
2027	5%	\$57,849,667,130	\$2,892,483,356	\$0	\$1,622,200,374	\$39,758,133,769
2028	5%	\$59,585,157,143	\$2,979,257,857	\$0	\$1,784,420,411	\$42,940,877,904
2029	5%	\$61,372,711,858	\$3,068,635,593	\$0	\$1,962,862,452	\$46,193,694,939
2030 & Beyond	0%	N/A	N/A	\$0	\$2,425,168,984	\$48,503,379,686

Source: Free Press estimations based in part on revenue data from BIA Media Access Pro.

Spectrum Auction Revenues

A variant on the annual spectrum fee assessment is a one-time fee associated with future spectrum auctions. Some economists would argue that the most efficient solution is auctioning spectrum to the highest bidder. The chief problem with this approach is that most of the currently identified available spectrum has already been auctioned off. Absent repurposing existing government-held spectrum, it is doubtful that any future auctions will be large enough to generate a level of revenue appropriate for seeding a public media trust fund.

However, for the purposes of discussion, we will model a scenario where all current television broadcasting spectrum is auctioned. (TV broadcasters already get 90 percent of their viewers via cable or satellite.) This exercise gives a good sense of the value of this spectrum if put to alternative use. The FCC’s recently released National Broadband Plan proposes a voluntary giveback scheme for broadcasters, with recommendations that channel auction revenues be used to compensate the license holders, as well as be allocated for public media funding. Thus far, this idea has not received enthusiastic support from the broadcast industry or Congress.

For the purpose of this modeling, we will assume that the auctioned spectrum will fetch a per-MHz-population value close to that fetched for the 700 MHz spectrum auctions in 2008.⁶⁷ We also assume that the auction is for UHF television channels (14-51, excluding radio astronomy channel 37). We further assume that 30 percent of the available spectrum will be set aside for unlicensed use, with an additional 20 percent set aside for a spectrum lottery for small wireless Internet service providers, which would then pay a spectrum use fee. These assumptions mean that 111 MHz of spectrum — or slightly less than half the current UHF spectrum — would be auctioned, generating an estimated \$41.6 billion in revenues.

But given the near-certain resistance from the broadcast industry to this spectrum reclamation plan, we must also assume that existing license holders would need to be “bought off” in the form of auction revenues and continued (or even increased) must-carry and retransmission rights. Uncle Sam, too, would likely want a cut of the revenues. To account for this, we assume that the payment to these displaced license holders would be equal to 10 percent of projected revenues over a five-year period.⁶⁸ We also assume that the federal government would receive 20 percent of the auction revenues.

Under this scenario, the auction of these remaining UHF channels would generate \$21.6 billion for a public media trust. Assuming a conservative 5 percent annual yield from the trust fund, and assuming this interest revenue would be devoted entirely to the annual public media system budget, this auction plan would yield nearly \$1.1 billion in annual funding for public media (see Figure 4). This amount would be in addition to the annual congressional appropriation.

Figure 4: Auctioning UHF Spectrum Estimated Revenues

Total Amount of UHF Spectrum	Spectrum Set Aside for Unlicensed Use	Spectrum Set Aside for WISP Lottery	Estimated Auction Price (\$ per MHz)	Estimated Auction Revenues
222 MHz	67 MHz	44 MHz	\$375,000,000	\$41,625,000,000

Revenues	Revenues Paid to Broadcast License Holders	Revenues Diverted To Treasury	Net Revenues Available for Trust Fund	Annual Public Media Budget From Trust Fund
\$41,625,000,000	\$11,728,677,375	\$8,325,000,000	\$21,571,322,625	\$1,078,566,131

Source: Free Press research.

Direct Advertising Taxes

An advertising tax is another idea often mentioned as a way to provide a dedicated stream of income to public broadcasting. Total spending on advertising in the United States is expected to

⁶⁷ In FCC auction 73, 52 MHz of spectrum fetched \$19.5 billion, a value determined in part on the geographic scope of the spectrum block. For our analysis, we will simply assume a dollar value per MHz based on this auction, given that any future auctions would likely have varying geographic and other constraints.

⁶⁸ In 2007, local TV revenues were approximately \$22 billion.

approach \$310 billion in 2010. Taxing just a tiny percent of this revenue would generate enough to exceed all the annual public broadcasting funding provided by universities and colleges, federal, state and local governments, as well as all corporate underwriting. Revenue from an advertising tax could provide a reliable annual source of adequate funding for public broadcasting, as well as seed a public media trust fund.

There are three variants on this proposal: The first is a gross receipts tax against advertising revenue. Under this plan, each recipient of advertising revenue (i.e., broadcast television stations, Internet advertising, local newspapers, national radio networks, billboard companies, sports stadiums, etc.) would pay a percentage of their revenue generated from advertising sales to the federal government. The second variant is an advertising sales tax, which would place the payment "burden" directly on the purchaser of advertising at the time of sale. The third variant, discussed in detail below, is an indirect approach.

Taxing advertising to pay for noncommercial media is very appealing from a "shared burden" standpoint. It is also economically efficient in a market that is oversaturated with branding efforts and other advertisements. For the hundreds of billions of dollars spent each year on advertising to be justified from an economic efficiency perspective, there are two tests. First, consumers' demands for product information should be met but not exceeded by this expenditure. Second, it must be argued that there is not a better way of providing product information to consumers. Clearly, the current methods of advertising, especially on TV, fail on both counts.

How much could a small ad tax generate for the public media system? The answer depends upon what sectors of the industry would receive exemptions from such taxes. For example, Congress could exempt some types of businesses from such an assessment. And it is also likely that the struggling newspaper industry, the beneficiary of more than \$40 billion of the \$310 billion spent on advertising annually, would receive some sort of exemption. In addition, it is likely that Congress would exempt any online advertising, which accounts for about another \$40 billion of the total.

Thus, while a precise estimate of the annual value of taxable advertising will be entirely dependent upon the extent of such exemptions, we conservatively assume that the taxable base will be \$190 billion in 2010. Similar to our projections of a spectrum fee, we assume that the total advertising base will grow at 3 percent per year, but that the exempt portion will increase from 38 percent in 2010 to 49 percent in 2019, as a result of the shift toward more online advertising. We also assume continued congressional appropriations for the CPB, increasing at a rate of 3 percent per year.

We also assume, as we did in the model for the spectrum fee, that the annual public media budget from federal sources will be based on the amount of congressional appropriations plus 10 percent of the amount collected annually from the advertising tax, with the remainder of the revenues generated by the advertising tax deposited in a trust fund.

Under these assumptions, a 2 percent advertising tax could raise more than \$45 billion for the public media trust fund after a 10-year period, which would equate to a \$2.25 billion annual budget in the 11th year, when both the advertising tax and congressional appropriations could cease (see Figure 5). This option could get the public media system to fiscal self-sufficiency in half the time proposed under our spectrum fee plan.

Figure 5: Using an Advertising Tax to Establish a Public Media Trust Fund

Year	Estimated Total Advertising Spending	Estimated Total Exempted Advertising Spending	Estimated Total Advertising Subject to Tax	Net Revenues From Tax (assuming 2% tax)	Congressional Appropriations	Annual Public Media Budget	Trust Fund Balance
2010	\$310,000,000,000	\$117,800,000,000	\$192,200,000,000	\$3,844,000,000	\$405,000,000	\$789,400,000	\$3,459,600,000
2011	\$319,300,000,000	\$125,165,600,000	\$194,134,400,000	\$3,882,688,000	\$417,150,000	\$805,418,800	\$7,126,999,200
2012	\$328,879,000,000	\$132,867,116,000	\$196,011,884,000	\$3,920,237,680	\$429,664,500	\$821,688,268	\$11,011,563,072
2013	\$338,745,370,000	\$140,918,073,920	\$197,827,296,080	\$3,956,545,922	\$442,554,435	\$838,209,027	\$15,123,032,555
2014	\$348,907,731,100	\$149,332,508,911	\$199,575,222,189	\$3,991,504,444	\$455,831,068	\$854,981,512	\$19,471,538,182
2015	\$359,374,963,033	\$158,124,983,735	\$201,249,979,298	\$4,024,999,586	\$469,506,000	\$872,005,959	\$24,067,614,719
2016	\$370,156,211,924	\$167,310,607,790	\$202,845,604,134	\$4,056,912,083	\$483,591,180	\$889,282,388	\$28,922,216,329
2017	\$381,260,898,282	\$176,905,056,803	\$204,355,841,479	\$4,087,116,830	\$498,098,915	\$906,810,598	\$34,046,732,292
2018	\$392,698,725,230	\$186,924,593,210	\$205,774,132,021	\$4,115,482,640	\$513,041,883	\$924,590,147	\$39,453,003,283
2019	\$404,479,686,987	\$197,386,087,250	\$207,093,599,737	\$4,141,871,995	\$528,433,139	\$942,620,339	\$45,153,338,243
2020 & Beyond	N/A	N/A	N/A	N/A	\$0	\$2,257,666,912	\$45,153,338,243

Source: Free Press research.

Indirect Advertising Taxes

While a direct tax on advertising, either through a gross receipts or advertising sales tax, may be appealing, opposition is sure to be powerful. Another approach would be to change the current tax code to generate new revenues for public media. Under existing law, businesses are allowed to deduct 100 percent of the amount spent on advertising in the year in which it was purchased. Revenue could be raised by barring certain businesses from taking the deduction (such as alcohol and tobacco manufacturers) or by moderately reducing the amount of the deduction for all businesses. Better yet, significant revenue could be generated by allowing only a portion of the advertising expense to be deducted in the year it was purchased, “amortizing” the remaining expense over time.

“Amortization” simply spreads the advertising deduction out over a multi-year period. The practical result of this is that each advertiser’s taxable base is increased, leading to an increased amount of taxes collected. These additional tax revenues could be earmarked for the public media trust fund. This approach is also appealing from an efficiency and fairness perspective, as it recognizes that many advertisements are “assets” whose value, in terms of branding, extends far beyond the time the ad is placed. Under current tax law, businesses are required to spread out the value of their capital assets over a multi-year period, because these assets have long-term value that decreases as time goes by. There is no reason to treat advertising any differently, as the cumulative impact of branding has lasting productive effects well beyond the year in which an ad is run.

A 1997 Congressional Budget Office report estimated that a requirement that businesses amortize a portion of advertising costs (80 percent deducted immediately, followed by amortization of the remaining 20 percent over the following four years) would raise \$28 billion over the five-year

period from 1998 to 2002.⁶⁹ We have modeled this amortization approach for the 2010-to-2020 time period.

Our assumptions are similar to those used in the spectrum fee and advertising tax models discussed above. We assume an annual 3 percent increase in advertising spending, but do not assume that any particular sector will be exempt from the amortization change in the tax law. We assume the change in the tax law will allow businesses to deduct 80 percent of the cost of advertising in the year the ads are placed, with the remaining 20 percent amortized over the following four-year period. We assume an effective tax rate of 25 percent. We also assume a steadily increasing congressional appropriation for public media of 3 percent per year based on the 2010 baseline.

Under this scenario, the annual public media budget would draw from the congressional appropriation and increasingly from the earmarked revenues generated by the amortization pool of funds. The remaining funds from this earmarked pool would be allocated for the public media trust fund. As shown below in Figure 6, under this plan, the annual budget for public media would steadily increase. By the 11th year, the system would be completely self-sufficient, with a \$61 billion trust fund netting a continued annual operating budget exceeding \$3 billion. Congress could then choose to phase out the amortization tax code after this initial 10-year period. If so, this is a path to complete independence for the public media system in just a decade's time.

Figure 6: Using an Advertising Expenditure Amortization to Establish a Public Media Trust Fund

Year	Estimated Total Advertising Spending	Amount Deductible Under Amortization Plan	Amount Subject to Business Tax	Revenues Generated from Tax	Congressional Appropriations	Annual Public Media Budget	Trust Fund Balance
2010	\$310,000,000,000	\$248,000,000,000	\$62,000,000,000	\$15,500,000,000	\$405,000,000	\$560,000,000	\$15,345,000,000
2011	\$319,300,000,000	\$270,940,000,000	\$48,360,000,000	\$12,090,000,000	\$417,150,000	\$658,950,000	\$27,960,450,000
2012	\$328,879,000,000	\$294,568,200,000	\$34,310,800,000	\$8,577,700,000	\$429,664,500	\$772,772,500	\$37,593,064,500
2013	\$338,745,370,000	\$318,905,246,000	\$19,840,124,000	\$4,960,031,000	\$442,554,435	\$839,356,915	\$44,035,946,245
2014	\$348,907,731,100	\$343,972,403,380	\$4,935,327,720	\$1,233,831,930	\$455,831,068	\$1,072,747,033	\$46,854,659,522
2015	\$359,374,963,033	\$354,291,575,481	\$5,083,387,552	\$1,270,846,888	\$469,506,000	\$1,232,014,133	\$49,705,731,254
2016	\$370,156,211,924	\$364,920,322,746	\$5,235,889,178	\$1,308,972,295	\$483,591,180	\$1,399,871,786	\$52,583,709,505
2017	\$381,260,898,282	\$375,867,932,428	\$5,392,965,853	\$1,348,241,463	\$498,098,915	\$1,576,692,086	\$55,482,543,272
2018	\$392,698,725,230	\$387,143,970,401	\$5,554,754,829	\$1,388,688,707	\$513,041,883	\$1,762,861,720	\$58,395,539,307
2019	\$404,479,686,987	\$398,758,289,513	\$5,721,397,474	\$1,430,349,368	\$528,433,139	\$1,958,782,508	\$61,315,316,272
2020 & Beyond	N/A	N/A	N/A	N/A	\$0	\$3,065,765,814	\$61,315,316,272

Source: Free Press research.

⁶⁹ "Reducing the Deficit: Spending and Revenue Options," Congressional Budget Office, March 1997, pp. 397-398.

Consumer Electronics Tax

In the ever evolving media landscape, the public is consuming more and more media over increasingly sophisticated devices. Whereas a decade ago, consumers' media interactions were largely centered around analog television, today consumers get news, information and entertainment delivered to them via high-definition digital televisions, smart phones, laptop computers and personal media players such as the iPod.

Public media are an increasingly important part of this media system, with applications like NPR's app for the iPhone, or PBS's streaming video archive gaining popularity with consumers. However, this increase in media platforms and distribution channels has not yielded increased funding for public media outlets. Thus, the idea of a modest tax on electronic devices being earmarked for public media funding has gained favor among some looking to identify new revenue streams.

According to the Consumer Electronics Association, the average household spent \$1,299 in 2008 on consumer electronics, down from \$1,475 in 2007.⁷⁰ This amount is expected to rebound as the recession ends and consumer spending resumes its normal growth pattern. The consumer electronics sector is expected to generate more than \$160 billion in sales this year alone.⁷¹ Below, we model the impact of a 1 percent tax on consumer electronic devices, with revenues earmarked for the creation of a public media trust fund. Our assumptions are similar to those in the models presented above. We assume that spending on consumer electronics will increase by 3 percent annually.

Figure 7: Using a Consumer Electronics Tax to Establish a Public Media Trust

Year	Estimated Total Spending on Consumer Electronics	Revenues from 1% Tax	Increased Annual Tax Burden for Typical Household	Congressional Appropriations	Annual Public Media Budget	Trust Fund Balance
2010	\$166,000,000,000	\$1,660,000,000	\$14	\$405,000,000	\$571,000,000	\$1,494,000,000
2011	\$170,980,000,000	\$1,709,800,000	\$14	\$417,150,000	\$605,228,000	\$3,090,422,000
2012	\$176,109,400,000	\$1,761,094,000	\$15	\$429,664,500	\$640,995,780	\$4,794,705,820
2013	\$181,392,682,000	\$1,813,926,820	\$15	\$442,554,435	\$678,364,922	\$6,612,557,444
2014	\$186,834,462,460	\$1,868,344,625	\$16	\$455,831,068	\$717,399,315	\$8,549,961,694
2015	\$192,439,496,334	\$1,924,394,963	\$16	\$469,506,000	\$758,165,245	\$10,613,195,497
2016	\$198,212,681,224	\$1,982,126,812	\$17	\$483,591,180	\$800,731,470	\$12,808,841,794
2017	\$204,159,061,661	\$2,041,590,617	\$17	\$498,098,915	\$845,169,320	\$15,143,804,096
2018	\$210,283,833,510	\$2,102,838,335	\$18	\$513,041,883	\$891,552,783	\$17,625,321,736
2019	\$216,592,348,516	\$2,165,923,485	\$18	\$528,433,139	\$939,958,602	\$20,260,985,845
2020 & Beyond	N/A	N/A	N/A	\$0	\$1,013,049,292.26	\$20,260,985,845

Source: Free Press research

⁷⁰ Jeff Clabaugh, "Spending on consumer electronics falls," *Washington Business Journal*, May 21, 2009.

⁷¹ Consumer Electronics Association.

As Figure 7 shows, a 1 percent assessment on consumer electronic products would generate enough revenue to create a \$20 billion trust fund, capable of funding a \$1 billion annual budget for the system after a 10-year period. Congress could choose to sunset the tax after this time.

While this option may seem palatable, we are more cautious about it because of the regressive nature of these kinds of direct sales taxes. Though an annual increased burden of \$15 per household seems trivial, for many low-income households striving to participate in the digital media world, this amount is not insignificant. Furthermore, this policy option is less appealing than the ones previously discussed because broadcast spectrum holders and advertisers have arguably been enjoying a free ride thus far. Asking them to start paying their fair share seems more appropriate than placing the burden directly on consumers.

PART THREE: LEADERSHIP, DIVERSITY AND EXPANSION

Restoring Public Media's Heat Shield

Changes in the way we fund public media must be accompanied by efforts to prevent undue political influence in public media content and to ensure that public media are well run, more diverse, and worthy of increased support.

As early as 1970, partisan politics threatened the future of public broadcasting. During PBS's first year, a documentary aired called *Banks and the Poor*, which singled out members of Congress with ties to the banking industry.⁷² The film led the Nixon administration to begin attacking programming it considered to be politically biased. The result was a restructuring of the system that gave the CPB more control over programming than the stations themselves.

Conflict continued throughout the decades. The Carter administration pressured PBS to scuttle a documentary after the Saudi government (and Mobil Oil) protested the film's content. While the PBS president refused to cancel the broadcast, many affiliates refused to air it.⁷³ In the 1990s, House Speaker Newt Gingrich waged an aggressive campaign to "zero-out" funding for the CPB. And most recently, in 2005, former CPB Board Chairman Ken Tomlinson came under fire for secretly funding an inquiry into the supposed "liberal bias" of CPB-backed programming.⁷⁴

Government support for public media — utilizing taxpayer dollars for public service — in and of itself is not the problem. After all, we rely on tax dollars to fund a wide range of social services that benefit the public like schools and public safety. The problem is politics. If properly insulated, through sufficient and sustained funding and democratically appointed leadership, the CPB can function properly as a heat shield to protect journalists, producers and other media makers from undue interference.

The original Carnegie Commission on Educational Television suggested that the board of what would become the CPB should be made up of 12 "distinguished and public-spirited citizens."⁷⁵ The board would comprise six members who would be appointed by the president and confirmed by the Senate, and another six who would be elected by the board. Board terms would be for six years and be staggered so that every two years the president and the board would each select two new members. The board would select its own chairman and hire the CEO and other professional staff.

The Carnegie Commission believed that the CPB would serve two purposes. The first would be to unify public television into a national system without imposing the strict, top-down network structure of commercial broadcasting. The second would be to channel needed federal funding to the stations while at the same time shielding them from political influence. They wrote:

⁷² Remarks by Bill Moyers to the PBS Annual Meeting, May 18, 2006

⁷³ Alan G. Stavitsky and Jeffrey A. Dvorkin, "Objectivity and Balance: Conceptual and Practical History in American Journalism," Corporation for Public Broadcasting.

⁷⁴ Jeremy Egner, "The Probe: Unilateral Actions Exceeded Chair's Authority," *Current*, April 21, 2005

⁷⁵ Carnegie Commission, *ibid.*

*The purpose is not to escape scrutiny but to minimize the likelihood that such scrutiny will be directed toward the day-to-day operations of the sensitive program portions of the Public Television system. What we have sought to design is an institution that will represent Public Television, that on behalf of Public Television will receive and disburse federal, state, and local government funds, as well as private funds and yet will be free of political interference.*⁷⁶

The idea was that the CPB would provide a barrier between the government providing the funds and the stations receiving them. It would be a firewall between the ebb and flow of politics and the on-the-ground reality of running public media stations.

The Commission expected that these leaders would represent a variety of sectors within the public broadcasting community. Both the president and the board were charged with ensuring that the board represented “the various regions of the country, the various professions and occupations, and the various areas of talent and experience appropriate to this enterprise.”⁷⁷

The current appointment process for leadership at the CPB is overly politicized. Presidential appointments govern the entire process — into which neither the public nor the core constituency of public media producers have any input. It also often leads to appointments as rewards for political support, rather than simple calls to service for qualified people, including those who have broadcasting or media experience.

National Leadership: Reforming the CPB Board

A board of directors governs an organization, sets policy, and establishes programming priorities. While the staff does much of the day-to-day work, the people at the top impact the institution in the long term. That is why a new board structure must be part of any reform. By selecting the governors in a manner closer to the original Carnegie recommendation, there is greater potential to strengthen the wall between public media organizations and Congress.

Such a proposal is not without precedent. As David C. Stewart, former director of the Office of International Activities at the CPB, suggested in 1997:

*Amend the law so that persons in positions such as directors of the Smithsonian, the National Gallery, the Library of Congress, the chairman of the FCC, Arts and Humanities Council and National Science Foundation would form a council to make nominations to the President to fill CPB board vacancies; give the President three choices for each board position, his final selection to be confirmed by the Senate. Such an amendment might usefully include language discouraging delay in presidential nominations and congressional confirmations, circumstances that now seriously cripple the Corporation.*⁷⁸

Likewise, in 2005 the Association of Public Television Stations passed a resolution calling for a reorganization of the CPB board as follows:

⁷⁶ Carnegie Commission, *ibid.*

⁷⁷ Carnegie Commission, *ibid.*

⁷⁸ David Stewart, “The Emperor’s Old Clothes: It’s Time to Retailor CPB,” *Current*, Sept. 8, 1997.

To enhance the professionalism of the board and achieve greater political balance, the composition of the CPB board will be altered in three respects. First, the board number will be increased to 13 seats. Second, five of these 13 seats will be voting ex officio seats designated for persons with relevant expertise that will hold the seats by virtue of their leadership of the following organizations: the librarian of the Library of Congress, the secretary of the Smithsonian Institution, the chair of the National Endowment for the Arts, the chair of the National Endowment for the Humanities, and the director of the National Science Foundation. Third, of the remaining eight seats to be appointed by the President, no more than four of these eight seats may be members of the same political party; and, at least two of these eight seats will be representatives from public television stations and at least two will be representatives of public radio stations. These representatives will be nominated by the President after direct consultation with the stations and their national membership and affinity organizations.⁷⁹

Our proposal is an adaptation of these previous recommendations. We believe the both the board and the process by which it is selected need to be more democratic, diverse and divorced from the partisan politics of Washington. We seek a board that would better reflect the broad public media community; would include appointments made from outside the White House; and, in some cases, be selected by a vote of the members or boards of various key public media constituencies.

Recognizing that this preliminary proposal will need to be refined, and that the voting and appointment process would need to be carefully crafted and monitored, we propose a new CPB board consisting of 13 members, as follows:

- Two representatives of public television, nominated and elected by recipients of CPB funding;
- Two representatives of public radio, nominated and elected by recipients of CPB funding;
- Two selected by the members of the National Minority Consortia and allied groups;
- One selected by the members of the National Federation for Community Broadcasters;
- One selected by independent producers via the Independent Television Service (ITVS);
- One selected by the Secretary of Education;
- One selected by the chairman of the Federal Communications Commission;
- One selected by the chairman of the National Endowment for the Arts;
- One selected by the director of the National Science Foundation;
- One selected by the librarian of Congress.

Nominees would need to be geographically, politically and racially diverse. Terms would last six years, with at least two terms expiring each year, and with a two-term limit. This new board structure would distance the White House from the selection process, reduce political meddling, broaden the pool of potential board members, and increase the board's level of relevant experience.

These far-reaching changes could not go into effect overnight, of course. But that does not preclude the current CPB from taking some immediate steps — without an act of Congress — to increase public transparency and community accountability. These measures could be modeled on the BBC Trust, which publishes an array of financial and other information about its leadership on the Web.

⁷⁹ Association of Public Television Stations, "CPB Reauthorization Resolution of APTS Action, Inc.," Oct. 29, 2005.

Local Leadership: Raising the Bar

Fixing problems at the national level will not ensure perfect performance in local communities. Changes also need to occur at the station level to better serve the public. Local stations are well suited to engage with their communities and are in a perfect position to understand and respond to changing local information needs. But the disparities between stations are stark. Local stations have tremendous potential but need support in some areas and reorganization in others.

The structural issues of funding and governance at the national level directly impact local stations. Faced with insufficient funding, converging media technology, and changing audiences and community demands, the stations bear the brunt of the impact. This changing environment has allowed some public media experiments to be greatly successful, while others — particularly at the station level — have faced more challenges. Many seem ill-equipped — or unable — to adapt to the digital age.

This leadership gap can be traced back to several factors: structural limitations, failure to recruit talent, and, of course, lack of sufficient funding. On the local level, particularly in the top 25 markets, more than half of public radio stations are part of a larger institutional system that separates leadership (most often a university president) from the day-to-day operations of the station.⁸⁰ Bold, strategic business decisions are often impossible to make for station managers operating in an academic institution that provides no support for such changes.

Moreover, these stations often lack a community advisory board. Of course, even at the community-licensed stations where these boards are required by law, they can be largely symbolic and have little power to weigh in on programming or station decision-making. Though community advisory boards should serve as a mechanism to increase community oversight and public participation in public broadcasting, this is unfortunately not always the case. The legal framework that established the boards is vague and lacks specific definitions for the precise role and responsibility for them. This means that while some boards are very active, others meet rarely. The successful examples could serve as a model for stations to be more engaged in their communities.⁸¹

Another way to improve local station performance could be to establish higher standards for federal funding. The criteria could include:

- Increasing listenership/viewership and expanding cross-platform distribution.
- Improving community service by devoting more resources to local reporting, training citizen journalists, partnering with community organizations, and sponsoring community events.
- Setting performance benchmarks for staff and management.
- Establishing and engaging with community advisory boards at all stations that receive CPB funding, including those operated by universities or state institutions.

⁸⁰ Bill Kling, "In Service of Democracy: Achieving Public Media's Potential," Corporation for Public Broadcasting, November 2009.

⁸¹ For more on Community Advisory Boards, see the Station Resource Groups analysis of several different models: <http://www.srg.org/governance/CAB/CAB.html>

Setting clear goals and benchmarks will be critical to measuring success. The CPB currently uses a few standardized surveys to collect information on public television station operations and finances. While these tools help both stations and the national organizations get a better picture of the field and what the standards are, most survey questions are on spending and revenue, and the data is only available to other stations. These instruments do not paint a holistic picture of how public broadcasters are engaging with communities and achieving their mission.

Whereas commercial broadcasters can easily measure their success through metrics such as earnings and Nielsen ratings, these measures are insufficient (and ill-suited) for assessing the success of public service media. Ratings and revenue alone do not help stations understand how well they are performing in other aspects of public service. Whereas some stations have developed a system for measuring success, many lack concrete goals or any semblance of a strategy for achieving them.⁸² And there is a clear lack of agreement or consensus on these issues across the public media system.

The importance of useful, accurate and thorough metrics should not be overlooked. As media habits shift, media companies change tactics, and media consumers become media producers, it is critical that public service media understand their role and mission. Jessica Clark, director of the Future of Public Media project at the Center for Social Media, says that there may not be a “master metric” for public media, but she recommends five categories of analysis as a starting point: reach, relevance, inclusion, engagement and influence (see sidebar).⁸³

Diverse Public Media: A New Formula for Change

Commercial media’s track record for diversity is woeful at best. While women make up 51 percent of the population, they own just 6 percent of all full-power commercial broadcast radio stations and television stations. People of color account for over a third of the population but own just over 7 percent of radio

Jessica Clark of the Center for Social Media recommends the following criteria for determining the impact of a public media project:

- **Reach:** How many people encounter the project across various screens and streams: TV, radio, streaming audio, blogs and websites, Twitter, iTunes, mobile applications, and more?
- **Relevance:** Is the media project topical within the larger news cycle? Is it designed to stay relevant over several news cycles? Is it particularly relevant to targeted publics concerned with a specific issue, location, or event?
- **Inclusion:** Does the project address a diverse range of targeted audience, not just in terms of race, but in terms of gender, age, class, geographical location and beliefs? How open is the architecture for participation, collaboration and discussion?
- **Engagement:** Does the project move users to action: to subscribe to a site, contribute material, to write a letter in response, to pass on a link, donate time and money, sign a petition or contact a leader?
- **Influence:** Does the project challenge or put the frame on important issues? Does it target “influentials”? Is it “spreadable” or buzzworthy?

⁸² “Embracing Digital: A Review of Public Efforts Across the United States,” a survey conducted by Gupta Consulting, LLC on behalf of the Corporation for Public Broadcasting.

⁸³ Jessica Clark, “Is There a Master Metric for Evaluating Public Media?” *MediaShift*, Feb 16, 2010.

and 3 percent of television stations.⁸⁴ The figures are equally as dismal for executive positions in the stations themselves.

Public media's founding language promotes a vision for the creation of a noncommercial media system that meets "the instructional, educational and cultural needs of the entire nation," while taking "creative risks" and serving unserved and underserved audiences.⁸⁵ But leadership at the national and local levels has failed to adequately reflect the diversity that public media are tasked to serve.

Public media's audience reflects both its leadership and its donors. While public broadcasting has succeeded in setting standards for children's programming and provides valuable arts and cultural programming, the vast majority of the public does not tune in regularly. As the need for quality journalism, particularly at the community level, increases, public media faces both a crucial opportunity and an untapped market.

Public media struggle with diversity on multiple fronts: in leadership within the system, in staffing at the local and national levels, with its audiences, and in a lack of programming aimed at attracting diverse audiences. Critiques that public media are not doing enough to serve people of color are easy to find, although a consensus on how to address the problem remains elusive.

Some promising efforts are already under way to increase diversity in the public media system. These include the New Media Institute, which is run by the National Black Programming Consortium and trains producers in new media production and distribution. And CPB is creating a Diversity and Innovation Fund, "which will support major content development projects that examine topics of interest to diverse audiences or that employ new, lower cost production models."⁸⁶ The PBS Diversity Task Force Leadership Development Program, which provides year-long management and leadership training to a handful of individuals in the system, appears to do excellent work, though, as Stephen Gong of the Center for Asian American Media points out, "the size of the effort is very incremental."⁸⁷

Staffing is a major issue, and there's a need for developing new hiring processes, making employment data more transparent, and increasing funding for the National Minority Consortia groups. According the most recent report to Congress from the CPB, nearly half of new public radio employees hired in 2007 were people of color, and slight improvements were reported in public television. But overall growth in staffing among people of color within CPB, NPR and PBS that year was marginal (0.5 percent), and the number of minorities in managerial positions decreased by 6.1 percent. Until diversity in decision-making positions is increased, we will not see the content and programming that reflects the public's multiculturalism and diversity.

Maxie Jackson, CEO of the National Federation of Community Broadcasters, says that increasing diversity at this top level is the most critical next step:

⁸⁴ S. Derek Turner, "Off the Dial: Female and Minority Radio Station Ownership in the United States," Free Press, June 2007 and "Out of the Picture: Minority & Female TV Station Ownership in the United States," Free Press, October 2007.

⁸⁵ The Public Broadcasting Act of 1967, S. 1160, 90th Cong., 1st Sess. (1967).

⁸⁶ Statement of Patricia Harrison, President and CEO, Corporation for Public Broadcasting, Before the Subcommittee on Labor, Health and Human Services, Education and Related Agencies, U.S. Senate Committee on Appropriations, April 12, 2010.

⁸⁷ Steve Behrens, "Diversity: More than Good Intentions?" *Current*, April, 14, 2009.

Diversity stems from the will and the desire of the board of directors and of senior management to reflect the community served. Fundamental to this notion of diversity and inclusion is for stations to project beyond their audience – aiming for the geographic community they are serving. This applies in rural communities as well, but in the larger urban communities, I think the question that has to be asked is how can a station that is public and taxpayer-funded not reflect in its board or senior management the broad diversity of the broader community? At the end of the day, what will drive the industry toward diversity and inclusion is a commitment to community engagement. If we are truly authentic in our desire to have stations which reflect the community then you have to hire a staff that reflects that community.⁸⁸

Jackson cites as a positive example the recruitment and hiring process used to staff *The Takeaway* – WNYC’s drive-time daily news program aimed at a multicultural audience. *The Takeaway* prioritized outreach to candidates outside of the insular public broadcasting world. Because of their willingness to invest in training, the recruitment process brought in a broader and more diverse range of candidates. “Through that process, we created the most diverse production staff in public radio,” Jackson says. “It was a really dynamic hiring process that attracted a very diverse applicant pool, and the process whittled it down to an amazingly diverse staff.”

Jackson further recommends that stations map their communities to better understand not only their current audience, but their potential audience. He says boards should be identifying local leaders from diverse communities and engaging them in recruitment for leadership positions as well as for employment, support and ongoing partnerships. “Diversity is an opportunity for tremendous growth,” adds Joaquin Alvarado, vice president for Innovation at American Public Media. “CPB is doing what they can with the funding that is flexible. But we need to better understand what is going on out there.”⁸⁹

To more clearly see the path forward, it is helpful to look back at the history of public media’s challenges with diversity. In 1978 — one year after the second Carnegie Commission came together — an independent task force on minorities in public broadcasting released a report called “A Formula for Change.” The report, the result of 18 months of research and debate, revealed a serious lack of diversity in the system— in terms of programming and leadership within the national organizations and at the local stations.⁹⁰ “A Formula for Change” outlined the flaws within the system that were preventing public media from fulfilling their mandate, and it included 70 recommendations on how to remedy the major problems in the public broadcasting system.

Several of the report’s main criticisms are still relevant today. For example, the 1978 report criticized the CPB for failing to release detailed data about the positions held by minorities within the organization. The most recent report to Congress from the CPB — more than 30 years later — still does not provide sufficiently detailed information about job responsibility and decision making authority. The numbers CPB does have show slow increase in the diversity of station staff, but 40 percent of all minority employment within the system comes from stations that are controlled

⁸⁸ Interview with Maxie Jackson by Candace Clement, April 8, 2010.

⁸⁹ Interview with Joaquin Alvarado by Candace Clement, April 15, 2010.

⁹⁰ A Formula For Change: The Report of the Task Force on Minorities in Public Broadcasting, CPB, November 1978.

by people of color. And even these stations still have high numbers of non-minorities in official positions.⁹¹

The lack of diversity among public media staff impacts diversity of programming, says Jacquie Jones, director of the National Black Programming Consortium. She cites her experience working with PBS on the Byron Hurt film *Hip-Hop: Beyond Beats and Rhymes*:

*There was a tremendous response. ... It really reached into a new community for the first time — college campuses and to people who said they really had no idea that this kind of stuff was on public television. But then they come back to public television and what's there? There's nothing for them; there's no way to create a real permanent community around public television given what we have to work with — in terms of young people or people of color. So obviously, they don't come back. But then them not showing up in the audience in the first place is why PBS in particular doesn't see any reason to put programming on that's going to appeal to them because they don't watch. It's sort of like a loop. But the bigger issue is that we are talking about publicly funded content that has as its core mission serving these core audiences, but it's just not doing it.*⁹²

The National Black Programming Consortium is one of the five organizations that comprise the National Minority Consortia, along with the Center for Asian American Media, Latino Public Broadcasting, Native American Public Telecommunications and Pacific Islanders in Communications. Historically, these groups have focused mostly on television production, but there are a range of groups representing people of color at work on public radio as well — including the African American Public Radio Consortium, Native Public Media, Radio Bilingue, and Koahnic Broadcast Corporation. The CPB should increase funding for all of these independent producers providing content that serves people of color.

The National Minority Consortia, along with the public radio groups, authored an open letter to the CPB in mid-2009 calling for “a new spirit of inclusiveness and collaboration that engages our ethnically diverse colleagues and taps the broadest range of intellectual and creative capital in our industry.”⁹³ The letter made a series of recommendations — which include increasing the participation of people of color in “executive, visionary and creative decision making” across the system, increasing program support, broadening representation and perspectives in all public media content, and instituting measurable standards with specific goals (“including an annual report card to evaluate and reward diversity and innovation in content, programming and delivery”).

Jacquie Jones also sees a growing need to engage directly with local communities. The Consortia's most recent initiative, Public Media Corps, is seeking funding through the National Telecommunications and Information Administration's Broadband Technology Opportunities Program to encourage broadband adoption. Public Media Corps has received initial funding from the CPB to launch a pilot project in Washington, D.C., and is using a framework similar to Teach for America by deploying fellows who have technology and media skills for outreach and

⁹¹ CPB, “Public Broadcasting's Services to Minorities and Diverse Audiences, A Report to the 111th Congress and the American People,” Pursuant to Pub. L. 100-626, June 2009.

⁹² Interview with Jacquie Jones by Candace Clement, April 20, 2010.

⁹³ “An Open Letter to Our Public Media Colleagues,” available : <http://www.lpbp.org/pdf/OpenLetter.pdf>

engagement work at “underperforming high schools, public broadcast stations, and nonprofit community anchor institutions.”⁹⁴

Jones says that if public media truly want to succeed, they should meet the challenge laid out in the National Broadband Plan and the Knight Commission’s report. “If the purpose of public media or government intervention in broadband is to create a more robust civil society where people can engage in an informed basis,” she says, “then we need to really look critically about what we are putting out there.”

Jones laments many of the community engagement and local journalism initiatives being launched by NPR and PBS. “There’s no diversity in these new initiatives,” she says. “They’re supposed to serve underserved communities, but then they’re generated without the input of any of these publics. It’s not diverse in its inception or its creation or the decision-making that informs it. So how’s it going to reach this public?”

Jones says she has participated in many discussions about how to address public media’s diversity problem. But she thinks the real answer is actually quite simple: Public broadcasters need to engage with the communities they are supposed to be serving.

Expanding Public Media

Creating a public media system that reflects the public it serves is about more than ensuring diverse staff and programming. The very nature of digital media enables a much broader community to coalesce around information and ideas. Bringing public media into the digital age will require the enabling of new individuals, outlets and organizations to collaborate with stations and qualify for financial support. It means abandoning the scarcity mindset that permeates the current system and moving toward one of abundance.

By embracing digital media — and the changes that come with a shift from one-way broadcast communication to many-to-many digital communication — a more diverse media system could emerge that brings in new participants and stakeholders and expands the definition of the individuals, entities and organizations that comprise public media.

Some public broadcasting stations aren’t ready for these fundamental changes. David Fanning, executive producer of the award-winning public television program *Frontline*, shares a telling anecdote:

I walked through a newly converted digital production facility in a Midwestern city with a big university nearby. The public station was showing it off — new editing rooms and studios — and as I walked around with the head of production, I started to enthuse about all the young people with new cameras, editing on their laptops, who could be brought in here and encouraged, given a chance to show their work, get an extra polish, perhaps reveal a real talent amongst them (there always is). Perhaps a late night broadcast a chance to get their work on the air... what about

⁹⁴ Public Media Corps, <http://publicmediacorps.org/>.

*connecting with some bloggers, local online journalists? Maybe giving them a space, too ... He looked at me with distrust, didn't seem to know what to say, and the thoughts went nowhere.*⁹⁵

The next generation of public broadcasting stations will bring together students, journalists, community media producers, local businesses and other people and organizations in pursuit of information. They will serve as a community hub — a space for training and for the production and distribution of news, information and programming on numerous platforms (radio, television, print, web, mobile, etc). This is part and parcel of the vision of a new public media system that is fully funded, more responsive to communities, networked and participatory. But fulfilling this role requires reimagining the mission of local stations.

Expanding and adapting to the changing media landscape also means that traditional public broadcasters will need to engage and collaborate with the broad, diverse and innovative world of individuals, organizations and institutions creating noncommercial media with a public service mission. Community and low-power radio stations are owned and operated by local nonprofit organizations. Non-profit journalism start-ups are springing up around the country. We need to start thinking of these outlets as public media, too.

Consider what public broadcaster might learn from the experience of local public access television centers, some of the only remaining media institutions that open their doors to members of the community. Colin Rhinesmith, community media and technology manager for Cambridge Community Television in Massachusetts, explains that community media — and public access television centers in particular — “have worked with communities to provide ways for citizens to engage in civic life and strengthen their communities through media for over 30 years.”⁹⁶

Public access television centers have been hit hard by regulatory changes that have made it more difficult for them to reach their audiences and ensure sufficient income.⁹⁷ But as public broadcasters ramp up their local efforts (and look for content to fill their websites and new digital channels), there is increasing room for partnership and collaboration with public access centers that have become experts at working with local businesses, nonprofits and members of the public.

Bridging the gap between public broadcasters and community media on a broad scale will not be easy. Despite the similarities in mission and objectives, these communities tend to occupy separate camps, each critiquing the other for its shortcomings instead of viewing their complementary strengths as assets in a larger effort to inform communities and boost civic engagement. Public broadcasters are trusted by the public, yet community media, as Rhinesmith notes, are “uniquely positioned to serve youth, seniors, poor people, immigrant communities, communities of color, and other historically disenfranchised groups with access to media and digital literacy training.”⁹⁸

Collaboration between public service media organizations can create mutually beneficial results. Minnesota’s St. Paul Neighborhood Network (SPNN) has a decade-long partnership with two

⁹⁵ Remarks of David Fanning, James L. Loper Lecture in Public Service Broadcasting, USC Annenberg Center on Communication Leadership & Policy, Nov. 19, 2009.

⁹⁶ Colin Rhinesmith, “It’s Time for Public Media Makers to Collaborate,” *NewPublicMedia.org*, April 8, 2010.

⁹⁷ Alliance for Community Media, “Assessing the Damage.” Available: <http://www.cantv.org/keepusconnected/Harm-Survey-Report.pdf>

⁹⁸ Rhinesmith, *ibid*.

local public broadcasters. Pioneer Public Television, a rural broadcaster, uses SPNN's production facilities in St. Paul and co-produces a weekly call-in program during the state's legislative sessions called *Your Legislators*. Programming focused on state government is scarce in today's media landscape, with many newspapers shuttering statehouse bureaus or cutting back on reporting.⁹⁹ Pioneer Public Television pays a production fee to SPNN, and SPNN in turn distributes the programming to cable subscribers in its network and to others in the metropolitan area. Mike Wassenaar of SPNN explains:

*This is an example of the complementary relationship that could be possible between television stations which do not have production capacity but have distribution capacity, and community television centers which have production capacity. Pioneer gathers sponsorship dollars for the production and pays our facility a fee for service. Both entities benefit from the relationship.*¹⁰⁰

SPNN also partners with Twin Cities Public Television (TPT) in a "distribution" and "community training" collaboration. TPT has distributed SPNN programming on its network since the mid-1990s. The shows have been mostly cultural or ethnic programs, which Wassenaar says serve the missions of both SPNN and TPT and have helped to extend their content's reach and impact. And as TPT has begun working to increase its locally produced content, it has partnered with many producers who have been trained at SPNN. "TPT needs to ensure technical quality of its programming and relies upon our ability to train community members," Wassenaar explains. "In a similar fashion, we have been an outreach partner for them to get programming from refugee and immigrant communities with whom they do not have a relationship."

These collaborations serve the interests of both public broadcasters and community access centers. There are, however, some significant drawbacks. Wassenaar says:

In all these situations, either where we are producing content for the public broadcaster, or we are training community members who produce content at our facilities for the public broadcaster, no producers gets paid. The broadcaster is doing a distribution agreement in which they say it should be enough for producers that they are getting distribution. This creates an unsustainable situation, especially for community producers in ethnic groups who are non-professionals or semi-professionals. Many of these people have other jobs, and doing this work for the good of their ethnic communities and for the community as a whole, and donate their time and resources and do private fundraising for their productions

Wassenaar says fair payment for public media makers is important, and volunteer work can only go so far:

Remuneration for the worth this programming brings to the broadcaster should happen somehow, especially if the goal of diversifying production communities is taken seriously. And in just about all cases, these producers do not travel in the PBS /ITVS production community circles, and do not have the resources to tap into these existing funding streams. Micro-grant mechanisms, even the ability for us to distribute \$1,500-\$5,000 to producers for this kind of work would do wonders for their production capacity.

⁹⁹ Pew Project for Excellence in Journalism, *State of the News Media 2010*.

¹⁰⁰ Interview with Mike Wassenaar by Candace Clement, April 16, 2010.

If public media organizations are committed to diversifying their content and their staff, they will need to ensure that funds are available to the individuals and organizations that help them to reach these goals.

The specific problems facing public access television are very different from those facing independent print publications or startup websites. However, all would benefit from an increase in funding. The vast majority of community media initiatives cannot access the taxpayer funds distributed through the CPB and must rely on other, often uncertain revenue streams. Noncommercial community radio stations typically rely on listener support and have been hurt by the decline in charitable giving. Additionally, many public media facilities face difficulties raising funds for infrastructure investment and capital costs like purchasing or upgrading computers and recording equipment. Nearly 60 percent of respondents to a survey of hundreds of community media makers conducted by Free Press in 2010 saw “insufficient funding for operations, production or equipment” as the greatest challenge facing their organization.¹⁰¹

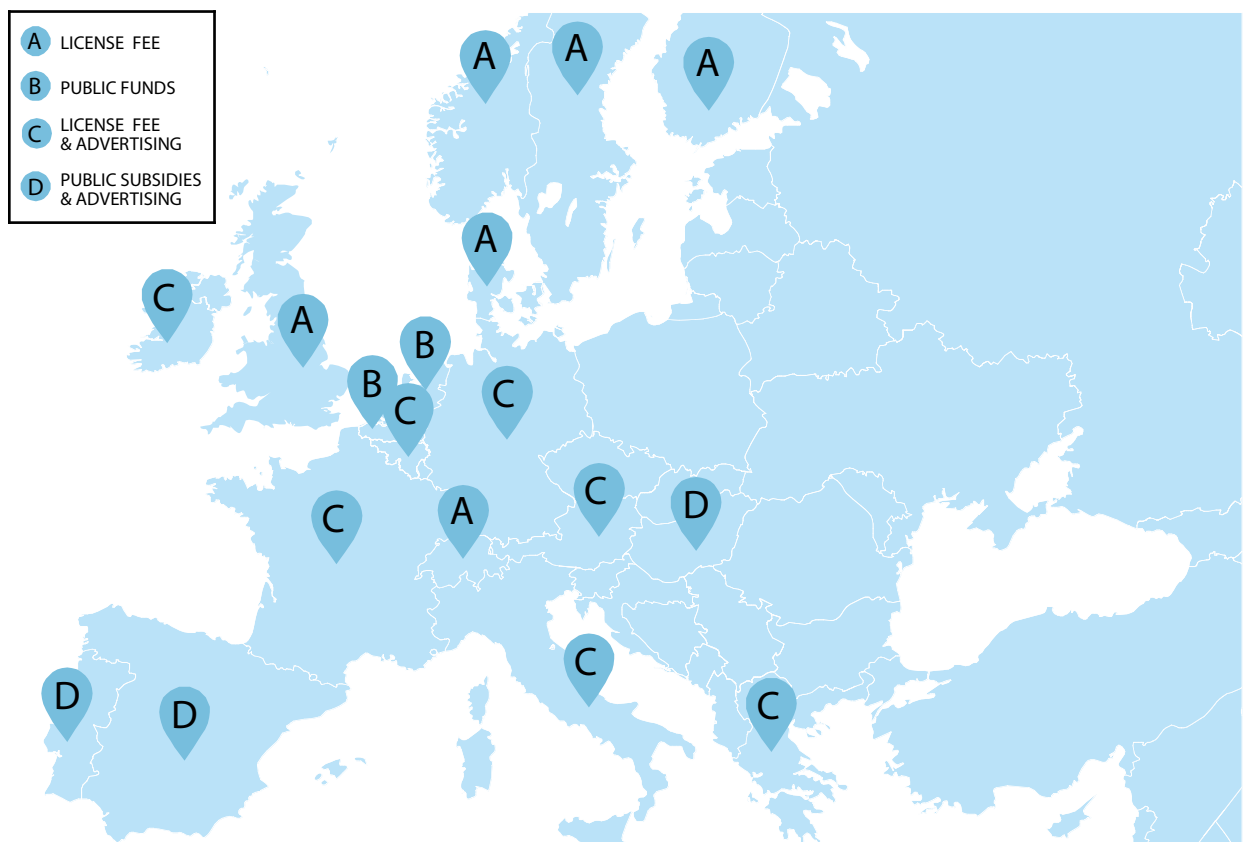
¹⁰¹ In February and March 2010, Free Press conducted an informal survey of community media organizations. The survey was distributed through a number of listserves for community radio, public access television and independent media makers.

PART FOUR: LEARNING FROM OTHER COUNTRIES

Public media elsewhere in the world have a very different history than in the United States.¹⁰² While the U.S. public media system evolved much later than the commercial system, the opposite occurred in most other countries, where strong public broadcasting systems preceded private and commercial models. In contrast to the United States, where public broadcasting was always seen “as an additional service to existing commercial initiatives,” public broadcasting in Europe and other nations has always been a mainstay of the media system.¹⁰³

While per capita investment in public media elsewhere dwarfs America’s, it’s worth exploring what we might learn from the structure, funding and impact of international models. Where does the money come from? What strings are attached? How is the system structured and governed to insulate it from political influence? What is the social and commercial impact of press subsidies and expansive noncommercial media? In this section, we will briefly examine the public media systems of four countries.

Figure 8: Funding Methods for Public Media in European Countries



Source: Research by Stylianos Papathanassopoulos in *Changing Media, Changing Europe*.

¹⁰² The authors wish to acknowledge and thank Joshua Stearns and Ann Alquist for their contributions to this section.

¹⁰³ Mahie Van Dijk and Richard Nauhis, et. al. “A Brief History of Public Service Broadcasting in Europe,” Corporation for Public Broadcasting Netherlands, December 2005.

England

The British Broadcasting Corporation, or BBC, was founded in 1927. The BBC's charter defines its mission "to enrich people's lives with programmes and services that inform, educate and entertain."¹⁰⁴ Initial funding for the BBC came from a fee levied on radios. However, the system later transitioned to a television license fee, which remains in place today. In 2009, revenue from the license fee was just over \$7.5 billion.¹⁰⁵

The legislation that backs this funding mechanism expires in 2017, at which time Parliament has indicated the BBC will have to come up with an alternative revenue stream. Advertising is forbidden on the BBC. However, BBC Worldwide is a commercial operation within the BBC that markets and sells BBC programs. It does have advertising and generates revenue (about \$1.65 billion for 2008-2009), which supports the larger operations of the BBC.

The BBC was historically run by a board appointed by the Queen, but the renewal of the Royal Charter in 2007 replaced the board with an independent governing trust. The legislation establishing the trust reaffirms the BBC's independence from government and charges the trust with guarding that independence. The BBC Trust relies heavily on input from formal audience councils, which represent varied regions of the country and have to be consulted on issues related to the licenses fee and assessment of the BBC's service to the public. While the 12 members of the BBC Trust are still officially appointed by the Queen, the process is overseen by an independent commissioner for public appointments. Trust members are appointed for five-year terms, with a term limit of two terms.¹⁰⁶

The Trust's website features an array of financial information about its leadership. Its efforts toward transparency are reflected in its "register of interests," a detailed document available online which includes shares held in publicly traded companies, describes interests of family members, and declares any paid or voluntary positions. Itemized expense reports for each trust member are available, as well as a list of gifts or other benefits received during their tenure. Transparency efforts are also reflected in their pursuit of input into programmatic decisions. The Trust seeks consultation from the audience councils and through online surveys.

The BBC Trust has implemented a public value test to assess new services and calculate the BBC's impact on the wider market. This assessment includes its value to citizens, its value to society as a whole, and its value in terms of cost. An independent unit of the BBC Trust, called the Trust Unit, conducts the public value assessment, while the market assessment is conducted by a Joint Steering Group, which is composed of members of Ofcom (the British equivalent of the FCC) and the trust. In this way, the public assessment functions as an independent audit of the agency's value and its independence. While there have been occasional tussles between the government and the BBC, BBC staff have publicly protested any perceived government intervention in broadcast and content decisions, going so far as to wage strikes to maintain their independence.

¹⁰⁴ "About the BBC, Mission and Values," BBC website.

¹⁰⁵ "Annual Reports and Account 2008/09," BBC website.

¹⁰⁶ "About the Trust, The Trustees," BBC website.

Denmark

The Danish public broadcasting system, much like the BBC, has traditionally been organized around a TV and radio license. However, in recent years, additional fees have been levied on computers and electronic devices, including mobile phones. More than 2.3 million Danish households (92 percent of the population) pay for a media license, the price of which is set by Parliament. In 2009, revenues from the license fee topped \$1 billion, which equals roughly \$450 per household. That is more than double what the United States spends on public media, even though the United States has 60 times the population of Denmark.¹⁰⁷

The bulk of revenue from the license fee goes toward Danmarks Radio (DR), which runs both TV and radio stations. TV2 is funded primarily through advertising but also receives some license fee money. About 10 years ago, Denmark expanded its national public media to fund more local reporting and programming. This investment created an array of new local community TV and radio stations. The project was initially met with some skepticism, as it flew in the face of DR's highly trained professional staff. But within the localities, these stations have been enormously popular.

The Danish Broadcasting Corporation is headed by an 11-member board. Three members are selected by the minister of cultural affairs, six by Parliament and two by the employees of DR. The board has overall responsibility for the financial management of DR and appoints the executive board, which manages the DR's daily operations. Every four years, DR negotiates its media agreement with the Danish government, but its independence is *a priori* in these negotiations. The contract is "based on the statutory provision describing DR as an independent public institution, not subject to the general power of instruction of the Minister for Culture."¹⁰⁸

The DR maintains absolute control of license fee funds; the government does not collect the license fee, and has no say in how it is spent. The government's role is to ensure that the fee is set at a reasonable level, to ensure that it is affordable for people who live on fixed or low incomes. Like the BBC, DR relies on a public test to measure the impact of its programs on audiences, rather than relying on ratings. The DR's public testing process is similar to the BBC's.

New Zealand

New Zealand's broadcasting system is modeled after the BBC, but there have been some recent changes in its funding model worth examining. New Zealand's Broadcasting Commission was initially funded by a license fee, similar to the examples above. But in the late 1990s, the funding mechanism was changed to a parliamentary appropriation, similar to the congressional appropriation that funds the CPB here in the United States.

The change in New Zealand was part of the government's response to skyrocketing inflation, but it had unintended consequences. Don Hunn, the chairman of, *NZ on Air*, the government's broadcast funding agency, noted: "In the public broadcasting fee era, *NZ on Air* was, if you like, more independent from government. Independent may not be exactly the right term, but what I

¹⁰⁷ Danish Public Broadcasting website.

¹⁰⁸ "Public service contract between DR and the Danish Minister for Culture for the period from 1 January 2007- 31 December 2010," Danish Public Broadcasting website.

mean is there was little or no political involvement.” He argues that the license fee allowed *NZ on Air to be* “masters of our destiny ... more responsible for how much funding we collected, reducing costs, and maximizing compliance.”¹⁰⁹

In 2000, *NZ on Air* began receiving all of its funding as an appropriation from the Ministry for Culture and Heritage. Trisha Dunleavy, a professor of television studies at Victoria University in Wellington, wrote, “The principle is that NZoA operates independent of any government interference. In practice, however, NZoA is dependent on government goodwill in the sense that NZoA’s greatest vulnerability is any government ambivalence to its funding needs.”¹¹⁰

The New Zealand Broadcasting Commission is governed by a six-member board, which is appointed by the minister of broadcasting. The determination of what projects are supported is drawn from criteria updated periodically by the broadcasting commission but primarily focused on supporting localism and diversity in content. The government cannot intervene in the commission’s allocation decisions. New Zealand’s Broadcasting Act dictates that *NZ on Air* must annually consult with outside sources to evaluate the programming it funds and produces.

Japan

Japan’s public broadcaster, Nippon Hoppo Kyokai (NHK), is the second largest in the world, after the BBC. It emerged alongside commercial broadcasters in the 1950s. NHK has been developed and funded to compete head to head with commercial broadcasters, thereby improving the quality of broadcast media as a whole. Today, NHK offers broadcast as well as satellite and cable television, and FM, AM and shortwave radio. NHK has also invested heavily in its Internet and mobile distribution. Programming is produced in 18 different languages.

NHK receives its funding through a television license fee, which totaled nearly \$7 billion in 2009¹¹¹. NHK’s highest governing body is a 12-member board of governors, all appointed by the prime minister. The board of governors works in tandem with an audit committee to assess program quality and impact. The independent audit committee is managed by the General Accounting Office. Programming independence is written into the country’s broadcast law, but there are a few key terms of service under which all broadcasters — commercial and noncommercial — must operate. They include:

- Uphold public security, morals and good behavior;
- Pursue political impartiality;
- Present news without distorting the facts;
- Present the widest possible range of viewpoints when dealing with controversial issues;
- Maintain a balanced output featuring culture, education, news and entertainment.¹¹²

Ellis S. Krauss, a Japan expert at the University of California, San Diego, suggests that the political firewall in place in Japan works well. Although complaints from politicians about news broadcasts

¹⁰⁹ Don Hunn, “The Big Picture and NZ On Air,” Address to The Association of Community Access Broadcasters. Oct. 15, 2004.

¹¹⁰ Interview with Trisha Dunleavy by Ann Alquist, June 18, 2009.

¹¹¹ Japan Broadcasting Corporation, NHK Annual Report 2008/2009.

¹¹² Japan Broadcasting Corporation, *ibid.*

are commonplace, former news producers at NHK report they have never felt pressured to back off a politically sensitive story.¹¹³

Can Public Media Remain Independent?

The most common criticism of a publicly funded media system is that it cannot, given the nature of its funding, remain independent. One must be careful not to downplay the very real threat posed by the possibility of government influence and interference. But at the same time, it's clear that other countries have found away to acknowledge and address this threat, producing journalism that holds accountable those in power.

The evidence clearly demonstrates that where democratic countries have invested considerably in an independent public media system, the results are not censorship and propaganda, but greater civic participation and democratic engagement. Many of the nations that enjoy the highest rates of voter participation, civic literacy and civil liberties maintain large public subsidies for journalism.¹¹⁴ In fact, the top 10 countries in *The Economist* magazine's "Democracy Index" (which tracks electoral process and pluralism, civil liberties, functioning of government, political participation and political culture) are all nations with significant subsidies for public media. (The United States ranks 18th.)¹¹⁵ In addition to robust public broadcasting systems, many of these nations also directly subsidize newspapers. In many cases, this subsidy is designed to foster competition and viewpoint diversity, by ensuring that major cities are covered by more than one newspaper.

New York University Professor Rod Benson has studied how these subsidies impact press scrutiny in France. Comparing newspapers in France to their U.S. counterparts, Benson found that "the French press presents a greater density of criticisms than the U.S. press." He also found that the French press was significantly more critical of government than the U.S. press in critiques of ideology, policy and strategy. Interestingly, the recipients of the highest direct subsidies in France were no less critical of the party in power than other French papers were.¹¹⁶ In fact, France includes extra subsidies for "ideological pluralism," supporting papers representing viewpoints outside the mainstream, to ensure that the marketplace does not adversely affect the marketplace of ideas.¹¹⁷

In assessing the impact of government subsidies on freedom of the press, one doesn't necessarily have to look abroad. The Corporation for Public Broadcasting is the obvious domestic example, but the government has also made, and continues to make, dramatic investments in our commercial media as well. In their report, "Public Policy & Funding the News," Geoffrey Cowan and David Westphal of the University of Southern California outline the extent to which the United States still subsidizes commercial media. As recently as 2006, they found, newspapers and magazines received \$288 million in postal subsidies. Three decades earlier, that amount was almost \$2 billion.

¹¹³ Ellis S. Krauss, *Broadcasting Politics in Japan: NHK and Television News*, Cornell University Press, 2000, p. 72.

¹¹⁴ Robert W. McChesney and John Nichols. *The Death and Life of American Journalism*, Nation Books, 2010, p.110.

¹¹⁵ See "Economist Intelligence Unit's Index of Democracy 2008."

¹¹⁶ Rod Benson, "What Makes for a Critical Press? A Case Study of French and U.S. Immigration News Coverage," *The International Journal of Press/Politics* 2010; vol. 15; no. 3, p 3-24.

¹¹⁷ Benson, *ibid*.

The public notices governments are required to publish are also a huge subsidy for print media in America. Cowan and Westphal's study found that the government was the No. 1 advertiser in the *Wall Street Journal*. In addition to these indirect subsidies, they write, "federal and state tax laws forgive more than \$900 million annually in taxes related to newspapers and magazines."¹¹⁸ In addition, the biggest broadcasters in America are given licenses to use the public airwaves for free, a subsidy worth hundreds of billions of dollars. Yet, few question whether these subsidies tarnish the journalism produced by these outlets.

Another concern often voiced about the expansion of media and journalism subsidies is that it unfairly disadvantages commercial media entities. The logic goes: How can any purely commercial media property compete with one that can count on taxpayers for all or part of its budget? The paragraphs above should clearly disabuse anyone of the idea of a "purely commercial" entity in the media sector, but, setting that aside for the moment, this market-based critique is worthy of a response.

So much of American media — especially in terms of news and journalism — has existed as a monopoly or duopoly for so long that the idea of vibrant public media seems threatening. However, an expanded public media system would likely lift all boats. Evidence suggests that subsidizing strong journalism will help build an audience, readership and community for media, and this will be of value for commercial interests as well as the public interest.

Dramatic public subsidies for the early American press helped build a news-reading base and usher in the modern American commercial press.¹¹⁹ Data from other countries supports this notion, too. Nordic countries that have the world's largest press subsidies also have among the highest levels of newspaper readership.¹²⁰

The positive impact public media can have on commercial media doesn't appear to be limited to growing the audience for journalism. Freedom House, founded in 1941, is an "independent watchdog organization that supports the expansion of freedom around the world." Since 1980, it has been monitoring press freedom in nearly 200 countries. The countries ranking highest enjoy robust press subsidies; in 2009, the United States was ranked 24th.¹²¹

CONCLUSION: IDEAS TO ACTION

We have an historic opportunity to create the next generation of public media to serve the needs of our democracy; to expand our cultural and social understanding; and to enlighten, entertain and inform the public in the 21st century. What is now required is a national effort that engages both the grassroots and policymakers in Washington, a coordinated campaign to muster broad political will to move decision-makers in government, industry, philanthropy and civil society from talking to doing, from envisioning to actually building the modern media infrastructure that our democracy requires.

¹¹⁸ Geoffrey Cowan and David Westphal, "Public Policy and Funding the News," USC Annenberg School for Communication and Journalism Center on Communication Leadership and Policy, January 2010.

¹¹⁹ McChesney and Nichols, *ibid.*, p 162

¹²⁰ World Association of Newspapers, "World Press Trends: Newspaper Circulation, Advertising Increases."

¹²¹ Freedom House, "Freedom of the Press 2009 Global Rankings."

The moment to launch such a campaign is now. Policymakers are paying closer attention to media and technology policy than at any time in recent memory. Agencies like the Federal Trade Commission and Federal Communications Commission have launched wide-ranging inquiries into the future of journalism, news and information in our communities. President Barack Obama's commitment to upgrading our "information superhighways" by investing \$7.2 billion in building broadband networks to connect every American to high-speed Internet is further evidence that Washington recognizes the vital importance of media and telecommunications infrastructure in the 21st century. The FCC's National Broadband Plan includes ambitious recommendations: from developing a more robust public media system to supporting universal broadband access and adoption.

Too often, debates around the future of media have fallen into tedious ideological traps — pitting free market economics against government regulation, or left against right. This is a false dichotomy. We must draw support from across the political spectrum and from within the public media community itself. It is, after all, public media stations across the nation — working with public interest organizations — that are best suited to respond to this crisis. But to do so, they will have to show new vision and courage. They must be willing to see themselves as both media makers and advocates in the policymaking process. They must make the case for increased support in ways that appeal to people of every political stripe. And they must be willing to forcefully defend themselves against unfair and unwarranted criticism.

Meaningful change will only happen if public interest and public media leaders work together in ways that have never happened before. Today, the whole of the public media community is significantly less than the sum of its parts. Community radio and television stations — along with independent media projects and nonprofit news websites — are increasingly essential members of the noncommercial media community. Public media leaders must embrace these institutions as vital partners. Indeed, the future of public media will be determined by our ability to break old habits, form new partnerships, set the bar high and draw on the support of the many millions of people who passionately support public media in its many forms. It will take the same kind of strategic thinking, collaboration and courage that first led to the passage of the Public Broadcasting Act four decades ago.

Those pieces are beginning to fall into place. We have some forward-thinking leaders running the largest public media institutions. Public interest groups and grassroots organizations are preparing to coalesce around specific policy recommendations and public education campaigns designed to realize the changes outlined here. And leaders from the philanthropic world to the FCC to Capitol Hill are lining up behind a visionary approach to reform. It is time to move beyond the myriad panels, reports and commissions and toward concrete solutions to building new public media in America. ■