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Highlights

Highlights of GAO-07-150, a report to congressional requesters

January 2007

TELECOMMUNICATIONS

Issues Related to the Structure and Funding of Public Television

Why GAO Did This Study

How to fund public television has been a concern since the first noncommercial educational station went on the air in 1953. The use of federal funds to help support public television has been a particular point of discussion and debate. This report reviews (1) the organizational structure of public television, (2) the programming and other services that public television provides, (3) the current funding sources for public television, (4) the extent to which public television stations are increasing their nonfederal funding sources and developing new sources of nonfederal support, and (5) the extent to which public television benefits financially from business ventures associated with programming and how this compares with commercial broadcasters.

GAO reviewed revenue, membership, and programming data for all public television licensees. GAO also interviewed officials from 54 of public television's 173 licensees, the Corporation for Public Broadcasting, the Public Broadcasting Service, federal agencies, and producers of commercial and public television programming.

www.gao.gov/cgi-bin/getrpt?GAO-07-150.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

What GAO Found

Public television is a largely decentralized enterprise of 349 local stations, owned and operated by 173 independent licensees. The stations' operations are funded in part by the Corporation for Public Broadcasting (CPB), a nongovernmental entity that receives federal appropriations. The Public Broadcasting Service (PBS), a nonprofit organization funded by fees paid by member licensees and CPB grants, operates a satellite-based interconnection system to distribute programs to local stations. These programs are created by producers inside public television and by outside production entities.

Public television stations broadcast national and local programs and provide a variety of nonbroadcast services to their communities. PBS prime-time and children's programs account for the majority of broadcast hours, to which stations add instructional and local programs tailored to meet the needs and interests of their communities. Nonbroadcast services include educational, civic engagement, health, and emergency-alert services.

In 2005, public television licensees reported annual revenues of $1.8 billion, of which 15 percent came from federal sources and the rest from a variety of nonfederal sources including individuals, businesses, and state and local governments. Federal funds help licensees leverage funds from nonfederal sources. Thirty of 54 licensees GAO interviewed said that cuts in federal funding could lead to a reduction in staff, local programming, or services. In general, smaller licensees receive a higher percent of revenue from federal sources and 11 said that cuts in federal support might force the station to shut down.

Substantial growth of nonfederal funding appears unlikely. The one area with growth potential is major gifts, which many licensees are pursuing with help from CPB. Program underwriting by businesses and foundations has traditionally been an important source of revenues. A few licensees believe that these revenues could be increased if restrictions on the content of on-air underwriting acknowledgments were relaxed. Many licensees, however, believe that this would go against the noncommercial character of public television and could cause a loss of funding support from other sources.

Public television sometimes benefits from business ventures associated with its programs, but these opportunities are infrequent and do not generate significant revenue. Public television does not have the financial resources to invest heavily in the cost of program production to secure a larger share of any resulting back-end revenues. Moreover, the sale of merchandise associated with a program generally returns only a small percentage of the retail price to the program's producer and investors, as is also true for commercial television programs.

GAO provided CPB and PBS with a draft of the report for their review and comment. CPB and PBS agreed with the report.