

**RESOLUTION  
PUBLIC SESSION  
BOARD OF DIRECTORS  
CORPORATION FOR PUBLIC BROADCASTING  
WASHINGTON, D.C.  
Monday, September 23, 2019**

*unanimously*

WHEREAS,

Under the provisions of the Public Broadcasting Act, CPB makes grants to eligible public television stations in a manner intended to provide for the needs and requirements of stations so that they may serve their local communities and audiences; and

WHEREAS,

The Community Service Grant (CSG) program is the primary mechanism for CPB to provide this financial support to local stations; and

WHEREAS,

CPB management has consulted with a panel of television station representatives regarding changes to CSG policy and invited and received comment directly from public television stations as part of this consultation process; and

WHEREAS,

The panel of station representatives has made a series of recommendations to CPB management, which have been reviewed by management, shared with the public television system for further comment, and significantly informed management's recommendations to the CPB Board.

NOW, THEREFORE, BE IT RESOLVED THAT

The CPB Board of Directors hereby adopts CPB management's recommendations for changes to television CSG policy as outlined in the attached.

**Recommendation 1**

Increase the base grant by calculating it as 0.12% of CPB's federal appropriation.

**Recommendation 2**

Implement tiering of Non-Federal Financial Support (NFFS) to calculate the incentive grant portion of the CSG:

- Apply the incentive rate of return (IRR) to 100% of a grantee's NFFS for each dollar up to \$3 million.
- Apply the IRR to 92.5% of a grantee's NFFS for each dollar over \$3 million but less than \$20 million.
- Apply the IRR to 95% of a grantee's NFFS for each dollar of \$20 million or more.

**Recommendation 3**

Limit future NFFS growth disparity by adding three incentive grant calculation mechanisms for grantees reporting NFFS of \$20 million or more:

1. Hold the grantee's year-over-year NFFS increase to a percentage no greater than the system's average year-over-year NFFS increase;
2. Where the grantee has a year-over-year increase, but the public television system does not, calculate its grant by using an amount that does not exceed the NFFS used to calculate its prior year's grant;
3. Allow large grantees, whose NFFS can fluctuate considerably, to carry forward NFFS funds over multiple years to smooth their NFFS growth over time. The allocation of NFFS earned in the first year – but not entirely used to calculate their first-year grant – can count towards their NFFS totals for the following year (i.e., a two-year allocation) or the following two years (i.e., a three-year allocation).

**Recommendation 4**

Allow grantees to meet the \$800,000 minimum NFFS eligibility requirement with either a three-year average NFFS of at least \$800,000 (computed on the three most recent years of NFFS) or a current year NFFS of at least \$800,000. If a grantee does not meet the \$800,000 minimum but is the primary or sole public television service provider for its coverage area population, CPB will assess its sustainability and ability to provide a viable, sustainable service. If CPB determines that a grantee satisfies these criteria, it will be eligible for a CSG during the applicable grant period. Grantees that do not meet the NFFS minimum and do not satisfy the alternative criteria will become ineligible for a CSG and be permanently removed from the CSG program.

**Recommendation 5**

Institute a new method for reporting indirect administrative support (IAS) as NFFS:

1. Derive a rate by dividing the licensee's indirect costs by its direct costs;
2. Apply the rate to a base amount consisting of the station's net direct expenses (add physical plant support, if applicable, computed using CPB's current instructions and subtract payments made by the station to its licensee for direct services).

Beginning with fiscal year 2020 annual financial reporting to CPB, grantees submitting an annual financial report (AFR) to CPB must use this method to report IAS as NFFS. Two exceptions would be provided: (1) State grantees, as approved by CPB, that do not have access to a sufficiently discrete financial statement may use a grantee-developed method; (2) Grantees that submit financial summary report (FSRs) will use a grantee-developed method. For stations that experience a significant reduction in IAS as a result of this policy change, CPB will allow for a phasing-in of the new method.

**Recommendation 6**

Leave the current policy regarding base grants for merged entities in place for a one-year period. Direct CPB management to research and quantify the optimal amount of time that merged entities need to continue receiving base grants at a pre-merger level, and report back to the CPB Board with its findings and recommendations.

**Recommendation 7**

Update the Healthy Network Initiative grant program to provide funds to eligible grantees that have strategically improved their use of their station's data to better serve their audiences and to gain operational efficiencies. Annually fund the grant program with \$1 million. Sunset the current Healthy Network Initiative programs by the end of fiscal year 2020. Return unused funds to the incentive grant pool. To qualify for the proposed new Healthy Network Initiative grant, CPB would require a grantee to complete a qualifying station data audit and implement at least two of the audit's strategic data improvement recommendations, such as expanding capacity for data collection, storage, and analysis; the acquisition and deployment of new data software systems; and the integration of data base systems to create efficiencies.