



September 18, 2019

TO: Board of Directors

CC: Pat Harrison; Michael Levy; West Smithers; Teresa Safon

FROM: William P. Tayman, Jr.

SUBJECT: Proposed FY 2020 Operating Budget

Each fiscal year CPB presents to the Board for review and approval an operating budget that follows statutory funding obligation set forth by the Public Broadcasting Act.

Attached is CPB's FY 2020 Operating Budget. It reflects CPB's \$445 million appropriation and estimated interest income of \$4 million, totaling \$449 million. CPB's \$445 million was advance appropriated under Public Law 115-141, Consolidated Appropriations Act, 2018, which was signed into law by President Trump on March 23, 2018.

FY 2020 is the ninth consecutive year that CPB's advance appropriation has been approved at \$445 million. CPB's FY 2021 appropriation has also been approved for the same amount of \$445 million through the "Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019" signed by the President on September 28, 2018.

This budget does not include appropriations such as the additional \$20 million that has been requested for FY 2020 to continue the multi-year replacement of the public broadcasting interconnection system and other technologies and services that create infrastructure and efficiencies, nor funds from the U.S. Department of Education for the Ready To Learn program, as such funds are not authorized in advance of the fiscal year to which they pertain.

For consistency with comparison to CPB's FY 2019 Operating Budget, the attached budget does not include the FY 2019 \$20 million interconnection appropriation referenced above nor funds from the U.S. Department of Education for the Ready To Learn program. It also does not include any carry-forward or unspent funds from FY 2019.

This budget was reviewed and endorsed by the Audit and Finance Committee at their meeting on July 31, 2019. In your materials is a resolution approving the FY 2020 Operating Budget for your consideration and action at the upcoming board meeting.

If you have any questions, please let me know. I look forward to our discussions.

Attachments:

- Description of Major Budget Categories
- Proposed FY 2020 Operating Budget
- "Money Tree" Chart

MAJOR BUDGET CATEGORIES

The following is a brief description of each of the statutory funding categories:

Interest Income

Budgeted interest income of \$4,000,000 is based on the earnings from low-risk fixed income investments and accrues to Television and Radio Program Funds according to statute. Budgeted interest income for FY 2019 was increased from \$2,000,000 to reflect higher returns earned in FY 2018 and our expectations that investment yields will increase in FY 2019 based on anticipated actions of the Federal Reserve Board.

Direct Grants (TV and Radio)

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

Programming Grants (TV and Radio)

We continue to support public broadcasting with broad and balanced national programming. In addition, programming funds are used to support our statutory obligation for underserved audiences and independent producers.

System Support

The System Support budget is a strategic tool for CPB. It funds much of the research and system consultations that guide our decision-making in the other categories. In addition to activities initiated by CPB, this fund also supports activities as directed by the CPB statute (e.g., ITVS for independent producers, Music Royalties, Minority Consortia and the annual grants to stations covering a portion of their PBS TV Interconnection costs).

Administration

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



Corporation for Public Broadcasting Proposed FY 2020 Operating Budget

	FY 2019 Budget ^{1,2}	FY 2020 Budget ^{1,3}	% FY 2020 Total	Change	
				(\$)	(%)
Revenues					
Federal Appropriation	\$ 445,000,000	\$ 445,000,000	99.1%	\$ -	0.0%
Interest Income	4,000,000	4,000,000	0.9%	-	0.0%
Total Revenues	\$ 449,000,000	\$ 449,000,000	100.0%	\$ -	0.0%
Expenses					
<i>Television</i>					
Direct TV Grants	\$ 222,778,125	\$ 222,778,125	49.6%	\$ -	0.0%
TV Programming	77,259,375	77,259,375	17.2%	-	0.0%
Total Television	300,037,500	300,037,500	66.8%	-	0.0%
<i>Radio</i>					
Direct Radio Grants	69,308,750	69,308,750	15.4%	-	0.0%
National Program Production & Acquisition Grants	23,272,875	23,272,875	5.2%	-	0.0%
Radio Program Fund	7,430,875	7,430,875	1.7%	-	0.0%
Total Radio	100,012,500	100,012,500	22.3%	-	0.0%
System Support	26,700,000	26,700,000	5.9%	-	0.0%
CPB Administration	22,250,000	22,250,000	5.0%	-	0.0%
Total Expenses	\$ 449,000,000	\$ 449,000,000	100.0%	\$ -	0.0%

¹Carryforwards of unexpensed prior year funds are not reflected in these budgets.

²CPB was appropriated \$445 million for FY 2019 with P.L. 115-31.

³CPB was appropriated \$445 million for FY 2020 with P.L. 115-141.



Proposed FY 2020 Operating Budget

Revenues	
Federal Appropriation	\$445,000,000
Interest Estimate	<u>4,000,000</u>
	\$449,000,000

System Support
\$26,700,000
≥ 6%

CPB Operations
\$22,250,000
≤ 5%

Station and Programming Grants	
	\$396,050,000 89%
	<u>4,000,000</u> Interest
	\$400,050,000 Total

Allocated to Public Television	
	\$297,037,500 75%
	<u>3,000,000</u> Interest
	\$300,037,500 Total

Allocated to Public Radio	
	\$ 99,012,500 25%
	<u>1,000,000</u> Interest
	\$100,012,500 Total

Direct TV Grants
\$222,778,125 75% (no interest)

TV Programming
\$74,259,375 25%
3,000,000 Interest
\$77,259,375 Total

Direct Radio Grants
\$69,308,750 70% (no interest)

Natl. Program Prod. & Acq. Grants
\$22,772,875 23%
500,000 50% of Interest
\$23,272,875 Total

Radio Program Fund
\$6,930,875 7%
500,000 50% of Interest
\$7,430,875 Total