

THE FUTURE OF PUBLIC TELEVISION

2004 Arts and Humanities in Public Life Conference

December 2–3, 2004

Executive Summary

Cultural Policy Center

The Irving B. Harris Graduate School of Public Policy Studies

The University of Chicago

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For more information or for copies of this book contact:
Cultural Policy Center at The University of Chicago
The Irving B. Harris Graduate School of Public Policy Studies
1155 East 60th Street, Chicago, Illinois 60637-2745
ISBN: 0-9747407-1-7

Phone: 773-702-4407
Fax: 773-702-0926
Email: culturalpolicy@uchicago.edu
<http://culturalpolicy.uchicago.edu>

Photography: Lloyd De Grane 2004.
Design: Froeter Design Company, Inc.
Printed in the United States.

Housed at the Irving B. Harris Graduate School of Public Policy Studies, the Cultural Policy Center at The University of Chicago fosters research to inform public dialogue about the practical workings of culture in our lives.

“The Future of Public Television” was the fifth in a series of *“Arts in Humanities and Public Life”* conferences held by the Cultural Policy Center.

The conference was produced with the generous support of the Irving B. Harris Graduate School of Public Policy Studies, the McCormick Tribune Foundation, the Irving Harris Foundation, and Jamee Rosa.

Complete conference transcripts available at: <http://culturalpolicy.uchicago.edu>.

CONFERENCE DEDICATION

The 2004 Arts and Humanities in Public Life Conference was dedicated to the memory of Irving B. Harris (1910–2004), whose notable success as a businessman played a distant second to his remarkable philanthropy for children’s welfare, public policy, and the arts. Irving was more than an inspiration: through his generosity and vision, organizations dedicated to research and child development have flourished, contributing to humanity. His presence has left an indelible mark on today’s society. We are particularly grateful to him for his support of The University of Chicago and the Cultural Policy Center.



“We must use the tools at our disposal, including education and research in public policy, to begin to understand the causes of social failure and weed them out. Human motivation and social organization should not be insoluble mysteries, nor should it be beyond our talents to organize our society to eradicate the malignancy of permanent poverty and deprivation.”

—*Irving B. Harris*

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INTRODUCTION

D. Carroll Joynes, Executive Director
Lawrence Rothfield, Faculty Director
Cultural Policy Center, The University of Chicago

In fall 2004, public television entered its 36th year facing a daunting set of problems. Already struggling to enlarge a stagnant and aging pool of viewers, public television was also confronting the additional challenges to audience development posed by the rise of new communications technologies and by a growing pool of competing programming outlets. Simultaneously, the traditional funding structure of public broadcasting was becoming more and more untenable, with governmental support under attack from the political right and corporate giving on the wane. And, in the face of these multiple pressures, public broadcasting's mission—always an unstable mix of desires (to serve the underserved, to provide a forum for a plurality of voices, to educate and inform)—appeared increasingly murky. Add to that an emerging pattern of political pressure to tilt the content of public broadcasting more to the right, and you have a system in crisis.

Under such strains, could public broadcasting survive at all? What steps must it take to do so? And at what risk to its soul? To help grapple with these difficult questions, The University of Chicago Cultural Policy Center (CPC) hosted “The Future of Public Television”, at the Museum of Contemporary Art, Chicago (December 2–3, 2004). Over the course of this two-day conference, more than 200 leading national broadcast and communications professionals, representing the many voices, interests, and organizations in public broadcasting, gathered for moderated discussions. The idea of holding such a meeting under the auspices of the CPC grew out of a series of conversations with John Callaway, veteran Chicago broadcast journalist, with a long-standing history with WTTW-Chicago. He persuaded us that the time was ripe for a convening of all the stakeholders for a frank exchange of views on policy directions, and that such a meeting should be organized by a non-partisan, university-based research center focused on ways of improving public policy in the cultural sector. The record of the discussions summarized in this volume do not provide a set of research findings, nor do they culminate in a set of policy recommendations per se. But they do provide a useful synopsis of the state of the public broadcasting industry in December 2004, as viewed from a variety of perspectives.

Within months of our conference, the situation of public broadcasting would change dramatically. The leadership of both PBS and the CPB was abruptly altered; a series of legislative recommendations threatened to strip the broadcasting system of a large percentage of its federal funding; accusations of impropriety and political maneuvering erupted on the front pages of the nation's newspapers, and the future of public broadcasting was being challenged at the most fundamental level. In short, policy concerns were, at least for the short term, eclipsed by political ones. Yet the challenges that motivated our organizing of this conference still face public broadcasting, and we both hope and expect that the discussions opened up in Chicago will continue over the next few years, as the industry continues to navigate its way through the sea of troubles facing it.

We gratefully acknowledge the support of the McCormick Tribune Foundation and Dean Susan Mayer of the Harris School of Public Policy Studies, who made this conference possible. We also extend our thanks to John Callaway for his Herculean efforts in organizing this conference, and to the participants who took time to come to Chicago to discuss these important questions.

D. Carroll Joynes
Executive Director

Lawrence Rothfield
Faculty Director



EXECUTIVE SUMMARY

Karen Everhart, Senior Editor, *Current*



Over 200 industry leaders gathered in Chicago for the two-day conference, which included panels, Q&A sessions, and keynote addresses.

Public television leaders, supporters, and critics who gathered at “The Future of Public Television,” a University of Chicago Cultural Policy Center conference that examined potential reforms of the historically underfunded public broadcasting system, agreed that the effects of media consolidation, declining revenues, and the uncertainties of the digital transition have pushed public TV to, as veteran WTTW—Chicago journalist John Callaway described it, “a tipping point.” But they disagreed substantially on strategies to secure stable and adequate funding or revitalize public television’s content and services.

Callaway, who moderated many conference sessions, challenged panelists to present their best ideas for reforming the ailing public television system.

“Act like you don’t have much time, because you don’t,” he said. “The world of new media waits for no one.”

New prospects to establish a trust fund—first envisioned in 1967 by the Carnegie Commission on Educational Television—were debated at the conference, but speakers with vastly different proposals agreed mainly on the need to unify behind one plan. Some doubted that the fractious field of independent stations and their national organizations could come to a consensus and mount a successful campaign for enhanced funding.

“Public broadcasting has got to come to consensus on one proposal and speak with one voice,”

said former Public Broadcasting Service (PBS) President Lawrence Grossman, a leading advocate for a trust fund that would aid digital education projects of public broadcasters, universities, libraries, and museums.

Panelists and audience members also pointed to several problems with public TV’s current approach to public service media. They cited political pressures in program decision-making, a shortage of original local content and innovative programs, and dilution of educational values in its children’s service.

Public TV is caught between two competing visions of its future, observed András Szánto, director of Columbia University’s National Arts Journalism Program.

One would move public TV closer to mainstream broadcasting “where the eyeballs are, where the sponsorship is,” and the other would “maintain a commitment to progressive broadcasting” by expanding the range of issues covered and remaining “a critical force in society.”

“At issue is whether public broadcasting still aspires to its founding mission or is willing to settle indefinitely for increasing marginalization,”

said Jerold Starr, executive director of Citizens for Independent Public Broadcasting (CIPB), a membership organization pushing for an independent public broadcasting trust fund that would protect the system from political interference.

The challenges that public TV faces are perilous, said Newton Minow, former Federal Communications Commission (FCC) and PBS Board chairman. “The fragmentation of the audience as a result of the increasing number of choices on cable and satellite has decimated all of broadcasting and public broadcasting, and we aren’t doing enough about this,” he said.

Many conference participants described the decentralized structure of public broadcasting as an impervious obstacle to system-wide reform. Power in public television is spread amongst a diverse set of organizations—from local stations to membership organizations such as PBS, from producers to funders—and each has its own set of interests to protect, said Kathleen Cox, Corporation for Public Broadcasting (CPB) president. “For the true potential of public broadcasting to be realized, this power must be exercised in concert. And to be truly successful, it must also be shared with like-minded entities outside public broadcasting.”

“The system is a camel, designed by a committee,” said Ken Auletta, *New Yorker* media critic.

“There is no central authority. Each separate entity is a supplicant for money, for favor, for attention. Sometimes, they compete for money.”

Smaller Audiences, Declining Revenues

With the proliferation of niche cable channels over the past decade, the Public Broadcasting Service and its 170 locally managed member stations have experienced double-digit audience losses. From a peak of 59.2 million viewers during the 1993–94 television season, the number of viewers who turn to PBS stations during the course of a full broadcast day (the cumulative audience or “cume”), dropped 22 percent to 46.2 million by 2003–04, according to PBS Research. PBS’s primetime average audience slid from a 2.3 to a 1.6 during the same period.

As the audience declined, member support for local stations eroded. From a 1993 peak of slightly more than 5 million, the number of viewers contributing to their local public TV stations dropped 10 percent to 4.5 million in 2002. Net revenues from public TV membership slipped steadily over the past decade and dropped 13 percent from 2001 to 2003, according to the Corporation for Public Broadcasting.

Member support is one of several revenue sources for public TV and radio stations. Annual congressional support for public broadcasting, which the Corporation for Public Broadcasting distributes by formula to stations and other organizations, will reach \$400 million in 2007. But federal monies comprise only 15

percent of the field's \$2 billion in annual revenues. Local radio and television stations also receive funding from state and local governments, corporate sponsors, foundations, or institutions that hold their licenses, such as universities or school boards.

In a 2003 study of public TV revenue trends by McKinsey and Company, analysts found that—for the first time in the system's history—all of these revenue sources are threatened.

“[P]ublic television has historically benefited from its diverse revenue streams, with one source's gains often offsetting declines in another area,” the analysts wrote. “The situation today is unique in that no revenue source is offsetting simultaneous declines in membership, underwriting, and state funding. Additionally, nothing indicates that these flat or downward trends will reverse themselves soon.”

McKinsey's analysts saw “no silver bullet” to alleviate public TV's problems, but recommended changes to fundraising practices, operational procedures, and production and rights management of national programs. The CPB has since initiated several new projects to advance these reforms, including the largest audience research study in the history of public television.

Trust Fund Options

Although McKinsey's analysts did not see a trust fund or an expansion of federal funding as a viable option for public TV, media policy veterans and public TV's Washington advocates are pursuing proposals along these lines.

“The option of creating a trust fund from the proceeds of the analog spectrum has been a subject of discussion for some time and the window of opportunity on this option is closing, making it imperative that public broadcasting, as a whole community, consider this carefully, thoughtfully, strategically,” said PBS President Pat Mitchell, during a speech that opened the conference. She announced a fast-track study to examine the most viable strategy for financing public broadcasting.

Formation of the panel is PBS's first step toward building a consensus on enhanced funding proposals for public broadcasting, while two funding proposals presented at the conference have already made in-roads on Capitol Hill. Both eye the transition to digital broadcasting—especially FCC auctions of excess television spectrum—as an opportunity to endow a trust fund benefiting public broadcasting.

The Digital Opportunities Investment Trust (DOIT), proposed in 2001 by Grossman and Minow, would direct spectrum-auction proceeds to a public trust fund endowed with \$18 billion. DOIT would be modeled on the National Science Foundation and fund projects that advance education and workplace training.

“We've got to think of ourselves as part of a broader not-for-profit sector of universities, libraries and museums with which we are partners,” said Minow. “I think on that basis we can get this trust fund through Congress.”

A plan for early spectrum give-back, developed in 2004 by the Association of Public Television Stations (APTS), proposes that public TV stations be the first to turn off their digital transmitters. In exchange for freeing public TV's analog channels, APTS requests new funding and regulatory protections.

“We've come to Congress, basically, with an offer,” Lawson said. “You establish a trust fund, you let us keep some of the auction proceeds, you're going to get some spectrum back, which is coveted by the wireless broadband industry and by public safety.”

In addition, Citizens for Independent Public Broadcasting proposes a complete restructuring of the field through an independent trust fund that would free public broadcasters from political pressures.

Public interest groups working for media reform—which recently organized campaigns to protect public broadcasting from congressional funding cuts and oppose political pressures in program decisions—won’t support a trust fund plan without substantial measures to strengthen public broadcasting’s editorial integrity, according to CIPB’s Starr.

The Ongoing Debate of Public TV’s Future Mandate

As digital technologies allow viewers to exert more control over the media they take in, public TV’s mandate to engage citizens in political dialogue becomes increasingly important, according to several speakers.

With more media options to choose from, people will migrate to services that cater to their interests and values, said Cass Sunstein, the Karl N. Llewellyn Distinguished Service Professor of Jurisprudence, Law School, and Department of Political Science, The University of Chicago. Some will choose Fox News and Rush Limbaugh and others *Dissent* magazine, sorting themselves into “echo chambers of their own devising,” he said.

“If people sort themselves into communities of like-minded others, they end up thinking an extreme version of what they thought before,” Sunstein said. Public broadcasting can correct this by exposing people to topics or views that they wouldn’t have chosen for themselves, he said.

“It’s an ironic fact that, at a time when we have more means of communication than ever before at our disposal, Americans are less informed and have more misperceptions than ever,” said PBS President Pat Mitchell.

“Commercial networks continue to retreat from programs that serve the public interest.

“Even 24-hour cable news channels too often substitute volume for veracity, debate for deliberation, and partisan-ship over thoughtful and diverse perspectives. All these factors strengthen the need for a public service media institution that will illuminate the complex issues of our times” with programs that serve the public interest.

Mitchell outlined PBS’s plans to create a “public square” service of news and information, one that welcomes all ideas and diverse points of view. But without adequate funding, the service won’t hit its mark as a robust source of content, she said.



“The Future of Public Television” conference was held at the Museum of Contemporary Art, Chicago.

Speakers and panelists throughout the conference called on public TV to pursue an even bolder vision for digital service, one that hews to its mission to be an alternative to mainstream media and represent viewpoints not found elsewhere.

“To succeed, it seems to me, you must provide a true alternative, one that is free of ratings and commercial and political pressures, that educates as well as it entertains, that provides an information oasis in a churning sea of news you can use, infotainment, Michael Jackson, the *People*-ization of news,” said Auletta.

The public also must perceive public television as being free from a political agenda, Auletta said. But, as he found in reporting on political pressures exerted on PBS by Republicans in Congress and on the CPB board, public broadcasting’s reliance on federal funding has made it vulnerable to such influences.

Auletta was one of several speakers who criticized PBS and CPB for focusing too narrowly on the balance of conservative and liberal viewpoints in its coverage. By juxtaposing voices from the right and left, public TV copies commercial TV formats and omits other important voices, he said.

“Public broadcasting has got to bring something...the nation can’t get elsewhere,” Grossman said. If public TV sought out voices not heard on commercial media—such as the perspectives and analyses of great academics—it would “give a whole new spin to the major complicated issues of our lives.”

Starr and representatives of Chicago Media Action called on public TV to add more commentators from the left, to devote more coverage to issues affecting the working class and minorities, to resist commercialism and to open itself up to more public input.

“Public broadcasting was meant to be a forum for alternative views not found elsewhere,” said Scott Sanders of Chicago Media Action, a local watchdog group pushing for more representation for under-served audiences. “I would like to see people in this room open up the tools at their disposal for broader discussion on TV.”

The conference exposed public TV leaders to criticisms they don’t often hear, said John Lawson, president of the lobbying group the Association of Public Television Stations.

“We’re used to criticism of public TV from the right, and here we’re hearing about it from the left. It reinforces the importance of public TV and that it’s worth fighting for.”



SESSION OVERVIEWS

Karen Everhart, Senior Editor, *Current*



Pictured from left to right: Jerold Starr, Pat Mitchell, Kathleen Cox, Lawrence Grossman, Newt Minow, and William McCarter.

DAY 1

THE FUTURE OF PUBLIC TELEVISION

Summary of addresses by Pat Mitchell, President and CEO, Public Broadcasting System; Dr. Jerold Starr, Executive Director, Citizens for Independent Public Broadcasting; and Kathleen Cox, President and CEO, Corporation for Public Broadcasting.

In the opening session of the conference, top public broadcasting executives and a leading critic presented their assessments of the challenges facing public television and varying strategies to address them.

Jerold Starr, executive director of Citizens for Independent Public Broadcasting, clashed sharply with presidents of PBS and CPB over their decisions to fund public TV programs featuring prominent conservatives.

Starr, whose organization seeks to free public broadcasting from congressional oversight, cited recent changes to PBS's public affairs line-up as evidence that public TV's editorial integrity has been compromised. But chief executives at the Public Broadcasting Service and Corporation for Public Broadcasting said they funded the programs in question to broaden the political discourse found on public TV.

PBS President Pat Mitchell, the lead keynote speaker, introduced what was to be a major point of debate at the conference—proposals to secure new revenue sources for public TV. Mitchell announced a fast-track study to identify the “most viable options” for funding public television. PBS assembled a panel of media policy experts, business leaders, and public broadcasting executives for its Enhanced Funding Initiative, which was later renamed Digital Funding Initiative. The panel was expected to release its findings in March 2005; at the time this publication went to print, in summer 2005, no report had been released.

To move beyond quandaries over public TV's inadequate funding, public broadcasting needs to spark a national dialogue with the public and “new thinking among all our stakeholders about a funding model that is more sustainable, more predictable, less dependent on philanthropic trends or market forces,” she said.

Mitchell also outlined PBS's plans for digital services. Through a new commercial partnership with Comcast and two producers of its children's programs, PBS will launch a 24-hour digital cable channel and video on demand service for preschoolers. Revenues from the channel, which will carry advertisements, will support PBS's National Program Service. PBS also aspires to aggregate its public affairs shows into a “public square” service that examines major public policy issues from a variety of perspectives.

This concept for a public square—which Mitchell described as “a place where all ideas are welcome, all diverse points of view expressed, thoughtfully, civilly”—drove PBS’s decisions to add new programs featuring conservative pundit Tucker Carlson and the *Wall Street Journal’s* editorial board, she said. Changes to *Now with Bill Moyers*, the series that drew vociferous complaints from congressional Republicans and the CPB Board, grew not from political pressures, but from the host’s decision to retire and funding shortfalls.

Moyers stepped down from *Now* in late December 2004. His co-host David Brancaccio took over the broadcast, which was shortened from one hour to a half-hour series.

“Our recent actions, I think it is fair to say, have been controversial,” said Kathleen Cox, president of CPB, which provided substantial funding for both *Tucker Carlson: Unfiltered* and *Journal Editorial Report*. “But let me set out a proposition that I think we all can agree with: that public broadcasting becomes stronger as the range of views it presents grows wider.” CPB has a congressional mandate to assure objectivity and balance in controversial programs.

Starr criticized CPB and PBS for pursuing “a very narrow concept of diversity”. “These programs are dominated by the same conservative flacks and hacks that control the government and the corporations... They do not represent the alternative the public so desperately needs.”

“In our view, this is not an issue that can be neatly reduced to political labels—liberal vs. conservative, right vs. left, or whatever,” Starr said. “It comes down to a question of what stories get told and who gets to participate in the telling. If politics, economics, and other social issues are covered only from the top down, interest groups and potential publics representing millions of citizens will be excluded from participation in public discussion and we all will be poorer for it.”

To free public broadcasting from political and commercial pressures, CIPB proposes to restructure the field by establishing an independent public trust funded through taxes on commercial broadcasters. The trust would replace CPB and control production and distribution of national programs to public radio and television stations. Local outlets would receive half of the trust’s \$1 billion in annual revenues for their own original productions.

Public interest groups working on media reform—Common Cause, People for the American Way, Working Assets and the Free Press—are potential allies in public TV’s renewed bid to establish a trust fund, Starr said. But none of these groups will support a proposal “without substantial assurances that this fiscal security would, indeed, be used to promote greater journalistic and editorial integrity.”



Kathleen Cox delivers remarks early in the first day of sessions.

Anticipating another theme of the conference—the shortage of original local programs produced and broadcast by local stations—Cox said that in 2003 stations spent more on local production than they collectively sent to PBS for national programming. Their \$175 million investment produced 45,000 hours of in new local programs.

“Some local programs have as much if not more impact than the best national shows—WTTW’s *Chicago Tonight* is a great example,” Cox said. “But our research found that as many as four out of five local shows were not appealing to audiences or widely used.” CPB plans to develop best-practice guidelines that will help stations create engaging local programs and share content with each other.

THE FUTURE OF PUBLIC TELEVISION

Panel Analysis and Q & A

Featuring Newton Minow, former Chairman, Federal Communications Commission; Lawrence Grossman, former President, PBS and NBC News; and William J. McCarter, former President and CEO, WTTW-Chicago. Moderated by John Callaway.

The decentralized structure and democratic governance of public television make it very difficult to build consensus around reforms, but media policy veterans and public broadcasting leaders described two approaches that would distinguish and strengthen public TV across the board—working with a broader coalition of community-based organizations to secure a trust fund and enhancing the production output of local stations.

Public broadcasters would have a better chance of establishing a trust fund if they allied themselves with other community-based organizations, said Newton Minow, former chairman of the Federal Communications Commission and PBS.

The Digital Opportunities Investment Trust that Minow has championed with former NBC News and PBS President Lawrence Grossman aims to broaden support for a spectrum-financed trust by bringing public broadcasters together with educational and cultural institutions.

“[W]hat we see is that you can’t sell this to Congress if you’re only talking about public broadcasters,” Minow said. “You have to broaden this coalition beyond public broadcasters to be talking with, as we are, with the museums, with the libraries, with the universities, then you will have a much better chance to get it done.”

With a proposed endowment of \$18 billion that pays out \$1 billion annually, the trust would be modeled on the National Science Foundation. DOIT has bipartisan support in Congress, and Grossman anticipates Senate hearings on legislation this spring.

Congress and federal agencies have invested more than \$3 million to develop the proposed digital trust since 2001. The omnibus appropriations bill approved by Congress last November included \$500,000 toward efforts to define DOIT's governance structure.

In addition to expanding public broadcasting's political base, DOIT offers public stations opportunities to "be a megaphone for local institutions in the community—libraries, museums, public health agencies, and universities," Grossman said. DOIT-funded organizations could collaborate on projects that use digital information technology to advance education, lifelong learning, and job training.

Public broadcasters could also derive political support from advocacy groups that oppose media consolidation, said Jerold Starr, executive director of Citizens for Independent Public Broadcasting. Interest groups from across the political spectrum generated more than 3 million letters opposing the FCC's 2003 proceedings on media ownership. Conservative media watchdog organizations, the National Rifle Association, and liberal progressive organizations such as Free Press, Common Cause and People for the American Way, participated in the letter campaign, he said. "Each of these groups saw a different stake in the issue of growing concentration of media ownership," Starr said.

Wide-open Path

Bill McCarter, former president of WTTW, urged public TV leaders to reconsider the "proven and wide-open path" of connecting local audiences with high quality local programs on regional civic life and culture. "If we could look rather seriously at this path, these other episodes of concern would come into full focus," he said.

WTTW is one of a score of public TV stations with a robust schedule of local programs—including the week nightly series *Chicago Tonight*, but panelists noted that its commitment to local production was the exception rather than the rule for public TV.

A study of special programs broadcast during the 2002 elections found that nearly 82 percent of public TV stations in markets with gubernatorial or congressional elections did not broadcast a single candidate debate, Grossman said. Even with the financial hardships that stations face, the very least they can do is carry political debates, he said.

The PBS proposal to create a "public square"—a news and information service that combines national and local content—aims to expand public TV's public affairs offerings for the digital era, said Pat Mitchell, president. The service would combine flagship PBS news series and local public affairs shows produced by stations.



Lawrence Grossman (far left) and Newt Minow present details on the DOIT initiative, a spectrum-financed trust.

“We have to get the resources to make sure that the local component of this is strong, robust, and rich,” Mitchell said. Strong local production output will allow public TV to “capture the one thing that we have that no other media institution has,” the ability to aggregate national content and connect it to local community needs and interests.

Panelists and audience members criticized public television for not reflecting the nation’s racial, economic and political diversity in its programs. By juxtaposing liberal and conservative viewpoints in its public affairs coverage, public television too often fails to represent viewpoints that fall outside of the narrow left/right framework, they said.

Rather than drawing talent from other media such as CNN or the *Wall Street Journal*, public broadcasting ought to introduce the nation to great academics from universities and think tanks, Grossman said. If PBS and stations could put leading thinkers on the air, it would “give a whole new spin to the major complicated issues of our lives.”

THE STATIONS’ VIEW OF THE FUTURE OF PUBLIC TELEVISION

An address by John Lawson, President and CEO, The Association of Public Television Stations

The transition to digital television represents a “great second chance” for public television, said John Lawson, president of the Association of Public Television Stations (APTS), during his speech on the first day of the conference. Stations have raised over \$1.1 billion to build their digital broadcasting infrastructure; their challenge now is to garner the revenues needed to mount vigorous digital services.

With their expanded channel capacity, many public television stations now transmit several digital channels simultaneously and broadcast high-definition programs for at least part of the day. They also have opportunities to earn revenues with unused portions of their digital spectrum, and APTS is working on several fronts to help stations develop new services and businesses with their excess channel capacity.

APTS and coalitions of like-minded stations are lobbying for federal aid to enhance public TV services in specific areas. Rural stations were the first to secure new funding—since 2001 Congress has appropriated \$40 million specifically for their digital equipment purchases—but Lawson anticipates progress in the next Congress for coalitions focused on educational content. In addition, a coalition of 60 stations is working with APTS to develop a next-generation emergency messaging system using their DTV (digital television) spectrum.

Digital broadcasting also opens up new business opportunities for public TV stations, and in 2001 the Federal Communications Commission opened the door for stations to make money off of a portion of their digital spectrum, Lawson said. The FCC ruling on ancillary and supplementary DTV services allows stations to use part of their digital spectrum for fee-based services as long as they dedicate a substantial majority of their bandwidth to noncommercial, educational uses.

“I don’t see this conflicting with our noncommercial look or feel, but it is an opportunity to monetize this asset and make some money that we can plow back into the noncommercial mission,” Lawson said. He anticipates a new entrepreneurial thrust for APTS and its member stations as they develop new businesses with providers of new wireless services.

Trust Fund Illusions and Realities

Public TV also has a historic opportunity to leverage the return on its analog spectrum into the trust fund that public broadcasting’s founders envisioned in the 1960s, Lawson said. But he urged public TV’s advocates to put aside proposals that have failed to win support from lawmakers.

“We have never even come close to getting a trust fund enacted by Congress, and we couldn’t do it when Lyndon Johnson was in the White House at the height of the Great Society with Democrats controlling both houses of Congress; I don’t think we’ve got much of a shot of doing it now using the models we’ve tried to put forward in the past,” Lawson said.

“The idea of taxing the commercial broadcasters, putting a tax on television sets or receivers is DOA. We would be wasting our time, in this environment, to ask for that...[I]t is illusory to think that a trust fund would somehow magically mean that there is no federal oversight of the money or of public broadcasting,” Lawson said. Congress created trusts to finance highway and airport construction and continues to supervise those funds through processes that are very similar to annual appropriations.

APTS’s trust fund proposal, presented to lawmakers last year, responds to political wrangling over the Federal Communications Commission’s December 2006 deadline for broadcasters to convert to digital. The FCC won’t be able to enforce the deadline because too few consumers have replaced their analog TV sets with digital ones and Congress is expected to push back the analog switch-off date to 2009 or beyond. Yet public safety agencies and wireless companies are urging policymakers to free up some portion of the spectrum earlier.

APTS proposes that public TV stations voluntarily return their analog channels on a market-by-market basis well ahead of the FCC deadline. Proceeds from the auctions of the public TV airwaves would be directed to a trust fund that supports production of educational content. The trust fund would be endowed with at least \$500 million. APTS also asks lawmakers to require cable and satellite providers to carry stations' digital multicasting.

“Public TV needs to come to consensus on a trust fund plan and the legislative strategy to secure it,” Lawson said. He endorsed the approach outlined for the Digital Opportunities Investment Trust.

“This can't be just a public television trust fund,” Lawson said. “We have to make a real partnership with universities, with K–12 education, with museums, libraries, and other nonprofits. That's the only way that this is going to work.”



Conference moderator
John Callaway addressing
the station managers.

THE STATIONS SPEAK

Panel discussion featuring Dan Schmidt, President and CEO, WTTW-Chicago; James Pagliarini, President and CEO, Twin Cities Public Television; Sherri Hope Culver, General Manager, WYBE-TV, Philadelphia; and Sandra Session-Robertson, General Manager, WCEU-TV, Daytona Beach. Moderated by John Callaway.

Public television outlets define local service in many different ways, but two station executives on this panel described new initiatives that diverge substantially from traditional approaches.

Once among the handful of stations producing a local nightly news program, Twin Cities Public Television cancelled its public affairs series to create a new collaborative that produces programs with local non-profit organizations. WYBE, the smaller of two stations serving Philadelphia, dropped its PBS membership and began working with various community groups to produce and broadcast programs that are narrowly tailored to the needs and interests of racial and ethnic groups within the region.

In 2001, Twin Cities Public TV (TPT), cancelled *Newsnight Minnesota*, a series that ambitiously aimed to demonstrate the value of localism in public television with substantive and in-depth coverage of local and statewide public affairs. TPT President James Pagliarini recalled that audiences and funding for the series dwindled in its last years on the air, and the competitive television landscape made it more difficult to attract and hold on to audiences.

TPT began to develop the Minnesota Collaborative, an initiative modeled on new concepts for public service media that calls for local stations to work with universities, cultural institutions, and other non-profit organizations with similar missions. The goal is for each public TV station to develop stronger local relationships by operating as a communications hub for like-minded institutions working in the public interest.

“What we basically said is that public television doesn’t have the monopoly on doing good things for the community—there are hundreds if not thousands of organizations that are doing good,” said Pagliarini. “What they don’t have is access to the power of television.”

Through the collaborative, TPT is a facilitator for non-profits that want to reach the broader public via broadcasts. It helps them produce, package, and schedule programs in a 12-hour weekly block broadcast on TPT’s second analog channel. In the 2004-05 fiscal year, TPT will earn about \$1.3 million in revenues from the collaborative, he estimated.

In the 18 months since the collaborative began, TPT has worked with 65 partner organizations to create 90 hours of programs. On average 4,000 households tune into the weekly broadcasts, but the most-watched program drew a 3 rating, reaching about 30,000 households.

“The main point for us is that...we want to reach the audience the partner wants to reach,” said Pagliarini. “The standard of success was serving the needs of the partner, not using the old methods of television to gauge your success.”

Responding to Diversity

When Sherri Hope Culver became general manager of WYBE, a small Philadelphia station founded as an alternative to mainstream WHYY, the outlet could no longer afford its PBS dues. She decided to redefine WYBE’s service by reaching out to minority communities within the city.

WYBE began broadcasting programs for narrowly targeted audiences—Ukrainians, Greeks, Germans, African Americans, Latinos, South Asians, and gays and lesbians, to name but a few. WYBE airs one daily hour of local programming and six to 12 hours on Saturday and Sunday, Culver said. The station relies on non-staff producers to create many of its ethnic programs.

“It’s a decision for us that was borne out of necessity,” Culver said. “We can’t just keep airing *This Old House*. We can’t just keep airing *Nova*. The community deserves for there to be a richer opportunity of choices.”

“One of the things that we’ve learned over time is that really responding sincerely to diversity is not about airing a black history program during Black History Month,” Culver said. “That’s not enough, and the African-American community knows that, and they don’t want anything to do with you in terms of your response to their core issues, if that’s what you’re going to talk about. It’s the same with every single one of these communities or any minority that you would name.”

But eliciting programming advice and feedback from these groups quickly became unwieldy. WYBE's Community Advisory Board was too diverse to examine the needs and interests of each distinct community, so the station created World Heritage Councils—separate advisory groups representing 12 different community groups. Volunteers serve on each council by attending a couple of meetings each year.

“The idea was we can't sit in our offices and talk about what the community needs and make those decisions ourselves,” Culver said. “We need to figure out a way to really systematize this communication with all of these individual communities.”

Station executives also participating on this panel included:

Joseph Bruns, executive vice president of WETA in Washington, D.C., the third-largest PBS producing station. Bruns revealed that, with the exception of programs from two well-established PBS producers, WETA subsidizes 20 percent of the costs of its national series, he said. “That 20 percent a year comes out of our operating revenues. That's money we can't devote to doing the really impressive stuff a number of other stations do in the way of producing local programs.”

Dan Schmidt, president of WTTW-Chicago, the local production powerhouse of public TV. Schmidt described how the future of public TV depends on each station's ability to connect with its audience through original local programming.

Stations can no longer just be “the place where you get that content off of a satellite and get it into that final mile into people's homes. Controlling that distribution pipeline isn't going to be viable anymore. We have to be producers and acquirers and distributors of quality public service, public interest content.”

Schmidt called for public TV to develop a national program that allows stations to insert local material and to pursue stronger multi-platform strategies to reach audiences via the Internet, radio, or community events.

Sandra Session-Roberts, general manager of WCEU in Daytona Beach. Licensed to the Daytona Beach Community College in the Central Florida television market, WCEU broadcasts 20 hours of formal college credit telecourses a week, several of its own original productions, and some PBS programs. The station is exploring various possibilities for a dedicated learning channel, and may expand its educational offerings with telecourses for teacher certification or daycare worker training.

THE POLITICS OF PUBLIC TELEVISION

An address by Ken Auletta, author and media critic, *The New Yorker*.

“For journalism and PBS to get the public support it needs, it must be seen as free of a political agenda,” said media critic Ken Auletta.

During a speech that closed the first day of the conference, Auletta peppered his observations of PBS’s vulnerabilities to political pressures with anecdotes and comparisons to larger trends in media.

The same problems that plague journalism and commercial television—the loss of public trust, preoccupation with ratings, and hastening pursuit of commercial revenues—threaten public TV’s credibility and value, he said.

Auletta described the political pressures brought to bear on public TV during the past two years. He blamed Republicans and public broadcasting’s own leaders for acting unwittingly to undermine public TV’s editorial integrity.

Auletta reserved his sharpest criticism for Lynne Cheney, wife of Vice President Richard Cheney, for proposing that she host a PBS history series for children, and CPB Board Chairman Kenneth Tomlinson, for his view that PBS’s public affairs programs aren’t any different than fare available on cable news channels and C-SPAN.

He listed several ways in which public television decision-makers opened themselves up for criticism. By mixing commentary with news on his weekly series, Bill Moyers gave his critics “an excuse . . . to tar him” and attack PBS. By focusing too narrowly on perspectives from the right and left in its public affairs programs, PBS and CPB failed to show viewers that there are more than two sides to any issue. By producing so few local public affairs series, public TV stations don’t deliver on their promise to inform viewers about issues affecting their communities.

The rise of big media gives public broadcasting an opening to make the case that it provides a true alternative, Auletta said. “[Y]ou don’t have to be a right-wing conservative to worry about how your kid’s mind is getting polluted by some of the stuff that he or she sees or watches or hears.”



Ken Auletta describes mounting political pressures on public television.

“There is a potential constituency that extends from left to right for some of the things that you often are and should be more about,” Auletta said. But public TV must be careful to resist the vices that afflict commercial television.

He cautioned against “airing programs to chase ratings or to sweeten the station’s fundraising appeal, or to make nice to political officials or sponsors,” and against expanding the length of corporate underwriting spots. PBS’s move to launch an ad-supported children’s service for digital-tier cable subscribers jeopardizes its highly regarded brand, he added.

“Think of the trust public broadcasting engenders when NPR refuses to dumb down and airs longer pieces on serious subjects, when Bill Moyers provides an alternative little seen on the broadcast networks by exploring the powerful reach of big media. When PBS offers a genuine mix of political voices and does not encourage mud wrestling matches, we only gain trust.”

DAY 2

SHOULD PUBLIC TELEVISION LISTEN TO PUBLIC RADIO?

Panel discussion featuring Kenneth P. Stern, Executive Vice President, National Public Radio; Torey Malatia, President and General Manager, WBEZ Chicago Public Radio; and Steve Robinson, Senior Vice President for Radio, WFMT Radio, Chicago.

Unlike public television, the public radio system is thriving.

Its weekly cumulative audiences have grown 21 percent since 2001, and its long-term financial prospects were buoyed in 2003 by the late Joan Kroc’s \$230 million bequest to the NPR Foundation.

Major news events of the past three years—from the 9/11 terrorist attacks to wars in Afghanistan and Iraq to the 2004 presidential election—drew millions more listeners to National Public Radio stations, but the decisions that laid the foundation for public radio’s growth extend back decades.

First and foremost, when public radio leaders established NPR in 1970, they empowered it to produce and distribute programs. “It was a strong and smart decision not replicated in public television,” explained Kenneth Stern, executive vice president, NPR.

NPR became the central production hub for news and information programming, whereas public TV stations explicitly prohibited PBS from producing.

As NPR built up an international news organization, CBS dismantled its radio news network, and major daily newspapers such as the *Los Angeles Times* cut their news staff, Stern said. “NPR chose to invest in serious news journalism while others stepped back.”

Public radio can attribute its success to doing “a lot of things right,” said Dick Daley, senior vice president of broadcasting at WNEB in Buffalo. But public TV had to compete with look-alike cable channels for viewers while “commercial radio walked away from news. Now there’s nothing to listen to if you have half a brain in your head.”

Another key difference enabled public radio stations to create original local programs. “The economics in public TV and radio are so vastly different that it’s possible to get things on the air with less resources,” said Torey Malatia, president of WBEZ-FM in Chicago.

PBS’s *NewsHour with Jim Lehrer*, an hour-long news program airing on weekdays, costs \$20 million a year to produce, said Joseph Bruns, executive vice president of WETA-TV/FM in Washington D.C.

Stern noted that the annual budget for NPR’s entire news division is \$60 million. “CNN spent more on its coverage of the Iraq war than NPR spent in an entire year.”

Tradition of Doing it Yourself

Because NPR’s early program offerings comprised only part of the broadcast day, public radio stations filled out their schedules and newscasts with locally produced content. “There was a strong tradition of doing it yourself, because you couldn’t ride the network,” Daley said. Local reporters often contributed to NPR programs.

Public radio stations still face big challenges in mounting their own productions, Malatia said. Listeners have come to think of local programs as inferior to those originating from NPR. To convince audiences that local news programs are just as substantive and credible, stations have to invest heavily “to make sure we meet that quality standard,” he said.

WBEZ’s daily news series *Eight Forty Eight* was a case in point. Building an audience and underwriting support for the show was slow going, Malatia said. “The amount of time it takes to establish a new production is much longer than funding would allow.” Keeping a new program on the air is a question of “how long you can hold on while taking losses.”

Steve Robinson, senior vice president of WFMT Radio, provided another example of success that comes with sticking to a narrowly tailored service niche. WFMT is a commercial classical station that is licensed to the non-profit Window to the World Communications, which also operates WTTW-TV in Chicago.

The station derives revenues from commercials, which are read live by announcers and have the feel of public broadcasting sponsor credit. The station also draws from the public broadcasting model to recruit members. As a non-profit, WFMT is eligible for programming grants from the National Endowment for the Arts, and it syndicates arts programming to stations nationwide.

WFMT also benefited from commercial radio’s retreat from the classical music format. After its classical competitor WNIB was sold in 2001, WFMT’s audience nearly doubled. But Robinson said the station’s advertising sales are driven by the demographics of its audience, not the number of listeners.

Robinson speculated that PBS could adopt a more ad-like approach to sponsorship, especially since its enhanced underwriting spots already have the look and feel of commercials.

Scott Sanders, a representative of Chicago Media Action, asked panelists to adopt the programming and governance structure of the progressive Pacifica Radio Network. “Their bylaws are a piece of beauty—a work of art” that give members of local stations a strong voice in the network’s governance.

“Pacifica is one of the most dysfunctional organizations I’ve ever worked for in my life,” Robinson responded.

“What they do is good for them and their audience, but the desire to make the rest of the public radio world in their image is misguided,” Malatia said. “There are different approaches to public service.”



Pictured from left to right, Torey Malatia, Steve Robinson, and Kenneth Stern discuss programmatic and financial differences between television and radio broadcasting.

INDEPENDENT PRODUCERS AND DISSENTERS

Panel discussion featuring Karen Bond, Chicago Media Action; Alvin Perlmutter, Executive Director, Independent Production Fund; Lois Vossen series producer and co-creator, Independent Lens; and Tom Weinberg, Executive Producer/Director, Fund for Innovative TV. Moderated by András Szánto, Director, National Arts Journalism Program, Columbia University.

By taking fewer programming risks and limiting the viewpoints expressed on the air, public television is retreating from its mandate to be an alternative to commercial media, according to panelists who participated in this session.

Moderator András Szánto asked whether public TV can find a sustainable balance between two competing visions for its future: moving to the centrist mainstream “where the eyeballs are...where the sponsorship is,” or holding fast to its values of “progressive broadcasting” by remaining a “critical force in society.”

The panelists—three independent producers and a media activist—unanimously endorsed the latter vision for public TV. Their ideas challenge public TV to present voices not heard on other channels and to reduce its reliance on corporate support.

Independent producers confront daunting and difficult hurdles in placing their programs on PBS, largely because decision-makers who commission public TV programs are risk-averse and unwilling to try new ideas, said Alvin Perlmutter, a veteran producer whose credits include one of public TV’s most innovative early programs, *The Great American Dream Machine*. He called on public TV to give more creative freedom and airtime to independent producers.

“There is a great need for a mechanism or a mentality that would allow producers and public television to take new risks, to find new ways of being alternative, and to be new again,” Perlmutter said. “I think public television, by definition, has to reinvent itself periodically.”

Tom Weinberg, founding producer of *Image Union*, an independent film series presented by WTTW, suggested that public TV provide a “consistent daily presence in primetime and at other times for TV that is unpredictable and intellectually provocative and definitely responsible.” He also recommended that PBS bring a genuine diversity of viewpoints to its programs, including those from other countries.

“[T]here is always a wide divide between what independent producers want and need to do and what a place like PBS can do for them,” said Lois Vossen, executive producer of *Independent Lens*, one of two PBS series presenting independent films. She advises producers to keep pushing PBS and stations for access even though they increasingly are turning to HBO and other niche cable outlets. “I don’t want them to give up on public television.”

Independent producers don't help themselves by budgeting their films at \$600,000 an hour, Vossen said. Filmmakers in Europe are producing very good work for \$100,000, and her organization, which also funds independent films, is working to address the disparity.

Karen Bond, a media activist and consultant, sees few differences nowadays between public and commercial television, and she proposed an incremental phase-out of corporate underwriting for children's and public affairs series. "I don't think that children should be targeted as consumers, even on our commercial broadcast stations, but most especially not on our public broadcast stations," she said.

Corporate sponsorship of series such as Archer Daniels Midland for the *NewsHour* is inappropriate, she said. "[W]e want to know that the news information that we're being exposed to is in fact independently determined, and we have more confidence in that when there is no commercial sponsor for the various news shows on public broadcasting."

Bond called on public TV to improve its service to minorities and the poor, and pointed to Chicago as a market where neither public TV nor public radio reaches out to these underserved audiences.

African-Americans find little content that "is speaking directly to them and speaking about their issues and speaking with authority. By authority, I mean the community has buy-in and does give credence to what the person who's been chosen to talk about those issues is saying."

PUBLIC TELEVISION FOR KIDS: VIEWS FROM THE ACADEMY

Panel featuring Dale Kunkel, Professor of Communication, the University of Arizona, and Deborah Linebarger, Assistant Professor of Communication, Annenberg School for Communication, the University of Pennsylvania. Moderated by Cybele Raver, Associate Professor and Director of the Center for Human Potential and Public Policy, the Irving B. Harris Graduate School of Public Policy Studies, The University of Chicago.

New regulations on digital television programming for children will add more competitors to the already crowded field of kids' channels, but public TV can rise to the challenge by holding itself to the highest standards for educational programming, according to children's media researchers on this panel.

After the digital transition, more channels will compete for child audiences and parents will become more discerning about standards for educational programming, predicted Dale Kunkel, a communications professor at the University of Arizona and expert on children's media policy. "You're going to have to dig in and have a higher profile for children's programming on PBS in order to compete successfully," he said.

Kunkel and panelist Deborah Linebarger, a children's television researcher with the University of Pennsylvania, agreed that PBS has an exemplary record of providing safe and educational programs for children. Linebarger described how research-based production techniques support the curricular goals of *Sesame Street* and *Between the Lions*, two PBS series that have been proven to be educationally effective.

But PBS doesn't require all of its producers to deliver educationally sound programs, Linebarger said. She pointed specifically to *Teletubbies*, a series that has no educational value, according to her research. Meanwhile, Nick Jr., the Nickelodeon block for preschool children, adopted educational production techniques for two of its most successful series, *Blues Clues* and *Dora the Explorer*.

“[I]f we believe PBS is the place where kids go because it's a safe environment and it provides quality educational programming, then what we're putting on there should be quality and educational,” Linebarger said.

An FCC ruling issued shortly before the conference will bring more attention to educational values in children's programming, according to Kunkel. The September 2004 ruling, which laid out stations' obligations to broadcast educational children's programs in the digital environment, requires broadcasters to air at least three hours of educational children's fare per week on each of their digital multicast channels. For example, a station that multicasts four channels would be required to air 12 hours of children's programs each week. The commission also requires commercial and noncommercial broadcasters to label the shows that fulfill this requirement with an educational and informational programming label (E/I).

To meet this obligation, commercial stations are likely to dedicate one of their digital channels to children's programming, Kunkel said. “You're going to be facing more competition from commercial broadcasting for the child audience because of that.”

As parents begin to use the E/I label to guide their children's viewing, they will see the wide discrepancies between what commercial and noncommercial television stations present as educational content, Kunkel said. He predicted a public debate about E/I programming and whether broadcasters apply the label consistently.

PBS's partnership with Comcast in a new digital cable channel for preschool children is another potential source of controversy, Kunkel said. PBS children's series will air on the channel, which will carry ads directed at adults.

“The real question here is the political sensitivities,” Kunkel said. Supporters of the channel say it will bring new revenues to PBS and help finance more programming, but others are “worried that Congress will criticize you for being off mission” and for presenting taxpayer-financed programs in a commercial context.

NOW TELL US WHAT YOU REALLY THINK

Plenary Session

Featuring comments from Cass Sunstein, Karl N. Llewellyn Distinguished Service Professor of Jurisprudence, Law School, Department of Political Science, and the College, The University of Chicago; Moderated by John Callaway.

Media trends today are driven by the market-based concept of free speech championed by Supreme Court Justice Oliver Wendell Holmes, who “insisted that government should be absent so that free consumers can choose exactly what they want,” said Cass Sunstein, a professor of law and political science at the University of Chicago.

The ascendancy of this concept, which Sunstein described as the antithesis of the democratic view that gave rise to public broadcasting, could be extremely damaging to the field. But Sunstein said public TV plays an important role in mitigating the worst effects of the deregulated media environment.

Sunstein spoke during the closing session, when moderator John Callaway asked panelists to react to ideas they’d heard during the two-day conference. Callaway also offered his own view of how to move public broadcasting reform forward.

The market conception of free speech “reduces us...to consumers making consumption choices, an idea which is appropriate for many domains, but not domains in which public life is at stake,” Sunstein said. With the proliferation of media, people select content that reflects their values—be it the Fox News or *Dissent* magazine—and their views become more extreme.

“Public broadcasting can do a great deal to correct or help with this situation,” by exposing people to topics or opinions that they wouldn’t have chosen otherwise.

Public TV leaders on the panel said the conference had this very effect on them. “This is a great meeting because we public broadcasters usually end up talking to each other,” said APTS President John Lawson. The conference reminded him that “people really care about public broadcasting, people [who] aren’t public broadcasters, people from different parts of the country, different walks of life.”

But Lawson disagreed with media advocates on the extent to which public broadcasters should reach out beyond their traditional allies for support in securing new funding.

Public interest groups working for media reform have demonstrated that they can mobilize their supporters on public broadcasting's behalf, said Jerold Starr, executive director of CIPB. Public TV should align with them to push for a large trust fund.

Scott Sanders of Chicago Media Action called on public TV to adopt a more democratic governance structure and forge a broad cultural coalition to campaign for a trust.

Lawson saw an alliance with advocates of the Digital Opportunities Investment Trust as public TV's best prospect for securing a trust fund.

Callaway suggested that public TV tap the public's "natural outrage" over the free spectrum that the government awarded to commercial stations.

Public TV could learn a lot from museums, which were once considered inaccessible and elitist but now attract large audiences, said András Szánto, director of Columbia University's National Arts Journalism Program. Museums are "unafraid of innovation and unapologetic about having quality content," garner support through educational programs, and successfully mix private and public funding, he said. "[M]ost importantly, they've grown with the times. You can see that in the demographics, both of their audiences and in terms of their shows."

"If you look at a museum today and compare it to a museum 25 years ago, you're talking about a very different place," he said. "I don't think you can say that about public broadcasting. [Y]ou have to become far more flexible and innovative than you've been in the past."



KEYNOTE ADDRESS— THE FUTURE OF PUBLIC TELEVISION

Pat Mitchell, President and CEO, Public Broadcasting System



Pat Mitchell urges conference participants to seek “some common ground.”

The Future of Public Television

Good morning. I am grateful for this opportunity to share some of the future thinking going on at PBS and to engage in constructive conversation about how to best optimize the minds, the influence, the interests represented in this room.

We are all here because we share a deep faith in the principles of a public broadcasting service, and whether we are inside, working day to day to secure the future of such a service, or outside, with ideas about how we could do that best, I am confident we begin this conference on the future of public broadcasting, understanding that a strong and sustainable future can be secured—if we shape our planning for it together.

Be More Open Minded

It’s entirely appropriate that we have this conversation at the Museum of Contemporary Art, which invites us to open our minds to new ideas, new perspectives.

Someone joked to me this morning that if certain people in Washington had had their way a few years back, the *only* place we would be discussing public broadcasting might be in museums and history books.

But we survived that threat and others to be here, and from my perspective, stronger than before, more essential than ever in our country’s future.

It’s a privilege to be leading PBS at such an historic time. Yes, the challenges are greater than ever, the changes required to overcome them are usually painful and disruptive, and the opportunities to strengthen our services—nationally, locally, globally—also greater than ever.

In such times, all institutions, schools, museums, media, must find ways to keep the best of what we do and reinvent the rest to meet the changing needs of the citizens we serve.

Such reinvention requires that we think outside the frame, interpret old ideas in new ways, and—most significantly—engage our viewers, listeners, readers, users in relevant and compelling experiences.

[T]o do any of this, yes, we have to be open minded and creative and collaborative and committed to finding new solutions to old issues, to avoiding the circular debates that lead us in circles and seek, instead, some new common ground on which to build a future that I believe passionately is ours to claim and to lead.

As we sit here today, contemplating this future, technology is rewiring, rewriting, and reinventing the ways to do what we do now.

We are, in fact, in the middle of a technological tsunami, a giant wave, capable of totally transforming the media landscape. All over the world, broadcasters, both public and commercial, are hastily developing new strategies to survive such changes. And as all big wave riders will tell you, you have to catch the wave first and be steady enough and ready enough to ride it all the way to shore.

Some broadcasters, the ones with deep pockets and wide-ranging interests, can build an ark and ride out the waves of change with at least two of everything they need.

Others, like many of our public service broadcasting colleagues, are counting on the public's value of what we do to ensure that we will not only have a place in the new media landscape but a place of increased value and significance.

One thing is certain: we can't stand still and hope the waves of change come more slowly or end up on someone else's beach or someone else's watch.

The changes come on my watch, and that of my colleagues in public broadcasting, and we are not standing still. We are preparing for the technology wave with all its challenges and opportunities.

And to state it as boldly as I feel it: There is no media enterprise that is wider, deeper, or with more formidable assets today to thrive in this future than PBS; more able to educate a rapidly changing America; remain a safe harbor for children; serve as the content of choice for educators; and reach beyond the screen to make a difference in the lives of individuals and communities.

But as strong as we are today, we have to be even stronger tomorrow,
because the forces of change in the media landscape are just that great.

But I believe the limits of our content, our reach, our resources are bounded only by the limits of our imaginations and aspirations, and believe me, we are imagining great things. With groups like this one to imagine and dream and build support with us, we can aspire to be more than we are today in every way.

Let me share some aspirations and plans for these three areas: content, reach, and resources.

First, we must aspire to continue our top quality schedule of content that captures American history and culture, fosters appreciation for the arts, science and nature, offers children's programming that educates while it entertains without name-calling, stereotyping, or disrespecting parents or learning; and public affairs programming that begins with a commitment to telling the story behind the story, even before it is a story, and telling the stories others avoid because they may not be popular or profitable or politically correct.

Second, we aspire to expand our reach and our services through the new digital technologies: finding new ways to deliver our content to citizens anywhere they want, anytime they want, on whatever digital device or gadget they choose—in bites, bits, small and wide screen, cable or satellite, over the air or through an iPod or pager.

Third, while we aspire to be less dependent on pledge drives or an annual appropriations process, this can't and doesn't need to happen in order to *enhance* funding for the national and local institutions with new sources of revenue, and potentially a new economic model: one that allows us to benefit from the present high level of value for what we do, and that optimizes our abilities to capture the additional value of the new technologies.

In reality, we need, and probably will always need, annual appropriations to ensure that the community-based services the Congressional appropriations go to support at stations continue without interruption.

Public support from membership activities works, too, and for 35 years, has provided the single largest source of revenue for stations. But the positive returns are in decline (and have been for more than a decade), and stations are actively seeking reforms to current practices as well as rethinking the whole idea of membership and how to value it and monetize it.

What is needed in order to move beyond current and insufficient funding models is a national dialogue with the public and some new thinking among all our stakeholders about a funding model that is more sustainable, more predictable, renewable, less dependent on philanthropic trends or market forces, that will lessen the old and divisive conflict of what funds stay local and what funds go to support national when both need resources to meet the challenges of the future.

I will share some new plans for exploring new funding ideas in a few minutes.

But before leaping into the future, let's think back for a minute to what we nostalgically refer to as the Golden Age of Television. Some of us were there when you had to actually get *up* to change the channel and there were only four or five choices.

We remember when television was the electronic hearth, with more than half of America laughing at the same jokes or crying through the same drama or watching Cronkite, and yet, even then, with a mesmerizing monopoly and unprecedented power, the FCC Chairman at the time, Newt Minow, surveyed the media landscape in 1961 and dubbed it a "vast wasteland."

The wasteland was greatly improved by the passage of the Public Broadcasting Act a few years after that observation.

As President Lyndon Johnson signed the law, creating the Corporation for Public Broadcasting, he said that it was time for the miracles of mass communication to be used "to provide the miracles of education and the ideals of citizenship and culture."

Public television and public radio, from that beginning, have been doing that and largely succeeded in carrying out such high expectations with very low resources for doing so.

For 35 years and going forward, PBS and stations have been and still are the safe place for children. *Mr. Rogers* and *Sesame Street* welcomed America's children and their parents from the beginning of PBS and they still do so today, along with 16 other educationally-based programs for children broadcast every week.

We are and have been since the beginning a home for great drama, more than occasionally groundbreaking and risky; like last season's Native American mysteries and the Latino drama, *American Family*, and we are, as we have always been, the broadcast home for in-depth news, independent documentaries, investigative journalism, and programs in the public interest. And a constant in the national program schedule: arts and performance, science and history.

Our reality programs defined *reality* before reality meant *surviving* commercial television's versions of it—before studies showed that sitcom characters joke about sex every 34 seconds; and commercials try to sell us something 15 minutes of every TV hour; and children see an average of 100,000 acts of violence on TV before high school graduation. Yes, Newt, the vast wasteland only got more vast and more wasted with the biggest change perhaps being, who to blame.

If you're thinking it's the producers, the broadcasters, the distributors, the owners, well, it's worth remembering that increasingly, all of these are ONE.

Most of today's "vast wasteland" is owned by six consolidated media companies that create content, distribute it over broadcast, cable, and the Internet and are responsible for much of what we hear, watch, read, and see—capturing us, the consumers, inside what some describe as the virtuous circle of product synergy.

And however well-intentioned or not, their decisions about what content to produce or distribute are sometimes influenced by what they can sell and how such content returns value to the shareholders of their vast holdings. And so it should be because they are in the media *business*. PBS is not. We are in the media *service*.

And it is that distinction that makes all the difference and builds the case for a better-resourced public service media enterprise that can be a viable alternative to commercial fare, an option to the coarsening and cheapening of content—an antidote to the consolidation of ownership with local media institutions, connected to community needs and values.

In a media landscape described by Senator Byron Dorgan as "more voices but fewer ventriloquists," wouldn't you agree that we need to secure at least one media enterprise that is meant to be more than a means of selling, more than a distraction, one that can and does attempt to tell the truth, to elevate the debate, whatever the subject; one media service that puts the public ahead of products or profits, stakeholders ahead of shareholders; that respects its viewers and users as *citizens* who are entitled to a public broadcasting service, free from political pressures, free from the marketplace drivers of popularity and profits, and well-resourced enough to deliver the content that strengthens culture and community?

By way of specific examples, we need to secure a media service that will broadcast a profile of an obscure Muslim leader named Osama bin Laden one year before 9/11 or a six-hour series on the Muslim faith before there was the kind of interest in the subject that propelled the video's sales to Amazon's top 10 in the weeks and months following 9/11 and the invasion of Afghanistan.

This is the kind of relevance that can't be planned, but happens because of a commitment to telling the stories that matter, being on the *frontlines* before they become *headlines*, and thinking of the needs of citizens, not how to motivate consumers.

And yes, it takes money to be on the frontlines of a story or backstage for a Broadway production or gavel—to—gavel at political conventions.

And we aspire to do much more in the 2,000-plus hours of top-quality programs that PBS commissions, funds, and distributes to stations every year, and we currently do all this with less money than HBO spent to *promote*—not to *produce*—*The Sopranos*.

Of course, I'm talking about what PBS spends on the programs, not the whole budget of the national program schedule. As most of you know, especially the producers in the room, the rest of the budgets for our top-quality programs comes from many sources—foundations, corporations, viewers like you—and we would not have the award-winning programs we do without all these sources that add to the dues stations contribute each year toward PBS's programming budget. These dues account for about 30 percent of the total costs of the national programs that go to stations, and with increasing financial pressures on stations, increasing member stations dues is not likely or even desirable.

What is desirable and necessary is that PBS somehow aggregates more funds to be able to invest more in the national programming and the rights to the content.

Some of you may have read *WIRED* magazine's cover story, "The Long Tail," which documents the many new ways that content value is extended by new technologies that allow more use and more users. No longer is the value or impact measured by the first use—book, movie, television program—but rather extended by the many niche and personalized uses that can follow as the content moves to computers, pagers, iPods, Blackberries.

In order for PBS, stations, producers and the public to benefit from "the long tail," we must invest more in original content production. And in order to fully optimize the value of the content throughout its long life and through its many possible uses, we need to manage the digital rights more thoughtfully and more comprehensively with our producers and stations. Doing so going forward is important. We also aspire to make the great national archive of science, history, drama, documentary, news and public affairs—and children's programming—currently available however and whenever the public wants and needs it. Imagine teachers with

access to the performances of every Shakespeare play or journalism students able to access every *Frontline* documentary or history lovers able to interact with a treasure trove of PBS history programs in whatever way they choose. All possible. All we need are the resources to digitize, customize for users, and obtain the rights.

That's part of our future planning, too, and will involve working in a different, more collaborative way with our producers and producing stations. Managing digital rights together opens up all kinds of new opportunities to extend the mission and service and strengthen the value of all that we do now and into the future.

But, given that we are still primarily using the 'old' technology of television, what about that reach and value now?

Yes, like all broadcasters, we have one means of measuring reach and value: the Nielsen ratings. And like our colleagues, we do track the numbers, and like all broadcasters, we have lost audience over the past decade to the growing proliferation of cable channels. But here are some measurements to consider as well that indicates our value and reach, even today when there so much talk about our 'weakened state' and the competition from cable.

Even in a 300 channel universe, every single week 82 million Americans tune into PBS, that's more than one-fourth of the country. Last month, 140 million people watched PBS and our overall national rating was up for the second consecutive year.

For all the resources being spent against us on programming and promotion, on average, our audiences are twice as high on any given night as Discovery, A&E, or the History Channel, and are twice as high as many of the other cable companies, including CNN. All told, PBS audiences rank eighth among all national channels—not bad for the least resourced of all of them.

But to measure PBS simply by its ratings would be like trying to explain the depth and reach of the Internet by focusing solely on the computer on your desk.

PBS has never commissioned a program to get ratings only and never cancelled a program because of its numbers, and we never will.

We have put into place measurements of success for every program and ratings will be one measurement that will inform our work with producers so that we respond to a dramatic decline in numbers. But now and into the future, the numbers of people watching a program are just the beginning of our reach and impact.

We think of our points of impact like a pyramid. The tip is the broadcast of a program or series. The other points of impact really begin when the television is turned off, and we are certainly the only television service to say that and mean it.

We mean it because the educational value of all our content is a significant measurement of impact, and here our content has much extended value:

in terms of sheer numbers and reach, PBS and member stations are the largest educational institution in the United States, creating and distributing the most used and valued video curriculum in America's classrooms.

The only direct federal funds that come to PBS come from the Department of Education, and in a unique partnership to improve early childhood literacy and school preparedness, PBS administers a Ready To Learn program, which provides grants to local television stations that distribute books and run literacy workshops for parents and caregivers who would not have access to such training otherwise.

PBS's Ready To Learn service has helped nearly one million parents and teachers prepare eight million children for success in school. With another Department of Education grant, we offer teachers online courses to prepare them to fully utilize new technologies in teaching math and science.

The next tier of our pyramid is the fastest growing means of impact: *pbs.org*, one of the top three most-visited dot-org Web sites in the world.

With companion Web sites for more than 1,100 PBS television programs and series, *pbs.org* attracted more than 3.5 billion page views this year alone, averages more than 28 million visits per day, and we know that nearly one-third of those visitors are educators and another third are children and their parents.

Additional value is coming from the fact that we are pushing our audiences from the television to the Web site and, very significantly, the traffic is moving the other way as well. More than 60 percent of *pbs.org* users indicate they watch more PBS due to their online experience.

Seventy-two percent of *pbs.org* adults are 25-54 years old which means we are developing our next generation of supporters. With video streaming and more interactive games and seamless national/local links, *pbs.org* is preparing us everyday for the future when the computer and the television will be one screen, one interrelated, connected, and converged experience.

And then there's the base of the pyramid—the 170 licensees operating 349 locally owned, locally managed stations, who in every community in this country are the distributors of the PBS national schedule. In most communities, this schedule is the foundation for a schedule of local programs, some that build on the national schedule; some that specifically respond to the needs of the community, and all of which connect content and shape service to respond to the community and individuals in ways that no other media enterprise does.

Local autonomy, local control, local management are assets in today's consolidated media landscape and an asset in tomorrow's landscape that FCC Chairman Michael Powell calls the 'Age of Personalized Media'—a time when it will be commonplace for each of us to make our own television schedules with our PVRs, download our own personalized newspapers, read novels, and follow television soap operas on our PDAs, which is how a vast majority of young men and women in Japan and Korea are consuming their content right now.

As my friend, the CEO of tech giant HP, Carly Fiorina, "when individuals know more, see more, and control more, they don't need us anymore just for the access to information. They need us to add value, to add perspective that they don't see, to add understanding they don't have."

And that is what PBS and public television stations do every day through all the points of impact of our content—add value, perspective, understanding. In doing all this, we have gained the highest level of trust accorded any media enterprise, according to a recent Roper poll. This and other annual surveys of the public also indicate that our content is viewed as balanced and fair and representative of the diversity of the communities we serve.

All these attributes matter even more in the digital age when the most important qualities to citizens will be those very qualities you can't buy—like trust, accountability, and responsibility. Those media organizations that will make the biggest impact will be the ones known for adding the most value, that provide perspective



Joan Harris of The Irving Harris Foundation in conversation with Peter Ascoli, philanthropist and author.

and balance and deliver to Americans what they need in order to be better informed and more fully engaged citizens in a democracy; in other words, all the qualities for which the public broadcasting system is most known and valued for today.

Today, we are already transferring these qualities to tomorrow's technology. Eighty-four percent of public television stations have converted to digital signals, as mandated—at an extra cost of more than 2 billion dollars—and more than half of them are broadcasting a digital signal, often on multiple channels.

Starting last March, public broadcasters took the lead in digital by broadcasting programs in high definition on the National Program Service, and by offering a 24 x 7 HD multicast channel. In doing so, PBS became the first broadcaster to provide a fully-packaged channel consisting entirely of high definition and wide screen content.

And locally, in communities too numerous to name, stations are using the digital capacity to do just what we promised to do: deliver more content, more educational services, more options for viewers.

So, some of you may be wondering, what are the plans for carriage of these multiple channels after the digital transition when we no longer have Must Carry regulation?

With our colleagues at APTS, we have negotiated voluntary carriage with some cable companies. John Lawson will share the latest in the effort for regulatory agreements to secure that all the valued content being created and distributed by public broadcasters is delivered, by cable and satellite, to all American homes that depend on that delivery.

Meanwhile, we are building productive partnerships with these powerful gatekeepers of distribution by producing and distributing the kind of content that ensures a desire on their parts to “Want to Carry” because their customers want it, demand it, value it.

Certainly, we took a giant step in this direction last month when we announced a new partnership with the largest cable company, Comcast Corporation, and two of our best children's producers, HIT Entertainment and Sesame Workshop to launch a new preschool cable digital channel and video on-demand service.

This is a good example of trying to turn a challenge into an opportunity. The challenge was that Sesame Workshop and HIT, like many of our producers, were anxious to ensure that their programming, especially the programs sitting on shelves—no longer available on PBS stations—as well as the programs they plan to produce in the future, be available to the American public on multiple platforms and in response to the growth in on-demand requests for their titles.

Rather than have them take signature programs to cable without any public television involvement or benefit, PBS, representing the investment and interests of stations, as well as parents and children who depend on and trust PBS to bring them the best in children's programs, joined the new venture to be launched next year. In doing so, we expanded our service to America's parents and children by making available, in a 24 x 7 format, the quality educational children's programs they and their young children have come to love and value on PBS.

Let me be clear that the partnership will not change anything about the children's programs PBS distributes to member stations or impact their PBS KIDS schedule.

What the new digital cable channel does do is provide a second window, an additional schedule or broadcast of many of the key programs most identified with PBS, in a nonduplicative schedule intended to complement stations' schedules, and, not so insignificantly, ensure that PBS and stations maintain their association with such top titles as *Sesame Street* and *Barney*, which could have gone to cable without such a PBS association.

The revenues from this commercial channel partnership will go to strengthen the PBS National Program Service that member stations will continue to provide free to all of America's families. Additionally, the new partnership ensures that PBS and stations get the 'first look' at all new programs developed by these two producers for preschoolers. PBS also secured co-branding for local stations on the video on demand service, as well as revenue for cross promotion and membership messages on the new channel as well.

And to ensure protection of the PBS KIDS brand that is the #1 most-trusted brand for parents of preschoolers, PBS and Sesame Workshop have veto power over the content and messaging policies of the new digital cable channel.

It was a bold step into the future, to be sure, but we are going to take such steps to ensure that our educational children's content is available anytime, when parents need it, after stations have moved to adult programs in primetime.

We are also moving into a new area of service for children on the current PBS schedule that goes out, free over the air, to all American households. While there are many cable channels that target young children in their programming, our research found that young teens and elementary school age children were not being well-served by quality, educational and socially-conscious programs, often being left to watch programs designed for children much older than they were, with lessons and content too mature for their age.

Last month, we launched a new on-air and online destination for early elementary school-age children called PBS KIDS GO!, introducing two new shows *Maya & Miguel* and *Postcards from Buster* that are for children who are too old for *Barney*, but too young for *NOVA*.

Since GO! premiered, we have seen a nearly 80 percent increase in viewership among kids ages 6–8 from 3 to 5 p.m. and on *pbs.org*, a huge jump in the numbers of school age children coming for the new content. In the next couple of years, as more and more stations multicast, we plan to offer a school age digital channel for stations, continuing to grow our service to America's children of all ages and their parents.

And there is one more genre in which we have the highest level of trust from the public and the distinction of offering the best and most-valued, and that is the genre often called public affairs and which I prefer to call programs in the public's interest.

It's an ironic fact that at a time when we have more means of communication than ever before at our disposal, Americans are less-informed and have more misperceptions than ever. Commercial

networks continue to retreat from programs that serve the public interest. Even 24-hour news channels too often substitute volume for veracity, debate for deliberation, and partisanship over thoughtful and diverse perspectives.

All these factors strengthen the need for a public service media institution that will illuminate the complex issues of our times and explore what's at stake in terms of the environment, health care, welfare, education, governance at every level—in other words, programs that serve the public interest.

In our original charter, we were encouraged to become like the Greek agora—the marketplace of ideas—and in being free of the marketplace drivers of profits and products, to pursue the service of informing and educating the citizens of this great democracy.

We think of this as a *public square*, a place where all ideas are welcome, all diverse points of view expressed, thoughtfully, civilly, and all issues open for candid debate and constructive conversation.

Not the scream fests that populate cable and talk radio. Not the personality-driven partisan drivel that sometimes passes for news.

So we have been adding voices over the past two years to strengthen our mandate to be a relevant public square. Bill Moyers was urged back to a weekly platform after proving, once again, after 9/11, that the public benefits from his tenacity at tackling the issues others avoid; his commitment to finding the voices not often heard who have so much to say, his intelligent, searing and revealing investigations of power and how it is used and misused, and his reassuring integrity and the trust he has gained from 30 years of work that has defined the best of public interest programming on PBS.

Once *NOW with Bill Moyers* was launched in early 2002, we began a search for other voices and after many proposals and pilots, chose a young man who had another show on cable, but in a new format and in the public television environment, and offered a relevant and engaging voice, with a different approach to interviews and issues. Tucker Carlson's program on Friday nights on PBS contributes to our notion of a public square.

Additionally, after several more months, working with our colleagues at CPB, we coaxed Paul Gigot back to public television where he had been an important voice on *The NewsHour* for years. And we managed to convince Tavis Smiley to work another shift and host a late night daily program that added to the lineup, along with the enormously popular Charlie Rose show.

We are getting closer to a public square on Friday nights, with *The NewsHour* leading into primetime, as it has done for three decades, earning the highest marks for objectivity, trust and balance, and from there to the venerable *Washington Week* analysis of the week's event with Gwen Ifill, then the revamped *Wall Street Week* with *Fortune* and *NOW*, which will continue after Bill's retirement from weekly duties in December with David Brancaccio, who has been co-hosting, and then Tucker, Paul, Tavis, and Charlie.

NOW becomes a half hour in January for reasons having nothing to do with the criticism and rumors widely circulated about political pressures for balance.

The half-hour format is a response to financial pressures as David and his team attempt to fill the enormously big footprint of an icon who largely brought his own financing to all the programs he did for PBS. We expect David and the newly formatted *NOW* to find its own resonance and relevance and the financial support that will follow.

You will be hearing more and more about our plans for growing the concept of becoming a digital public square: to take our great assets—those mentioned above plus our documentaries and investigative journalism and our archive of public affairs interviews, as well as interviews and stories that didn't make the final cut for broadcast—and make all of this valued content available to the public on every platform of distribution that they might use.

We can't do this alone. Much of our future planning, like most media, depends on the technology to make our aspirations possible. A digital public square needs and is planning for partnerships with the technology companies who make, as Bill Gates and others have said, “gadgets” but not content. For content to go on those gadgets, they need us as much as we need them to deliver it.

It's good to have the goods that are meaningful and relevant and valued by Google, Yahoo, HP, Microsoft, and others, and we are being strategic with those assets to ensure that PBS and stations use them to shape a digital public square that will be unparalleled in its depth, wide in its reach, and enormously important to our future as a public service provider.

And all we need to do this and all the rest of our future plans is more money.

To me, funding—the question of basic resources—is the single greatest challenge to ensuring that the high quality, independent media and localism that are inherent to public television are guaranteed for the future. We are the only public media enterprise in the world that begins each year with only 15 percent of our budget assured, and that's assuming that the state and federal governments don't decide to cut it during the year.

Clearly, the original decision not to pursue the kind of funding model that had propelled the BBC, NHK and other public service broadcasters around the world to leadership positions in their countries' media environments was a choice that set us on an economic path not only less traveled—we are the least publicly-funded public broadcaster in any democratic country—but it also put us on a collision course with political potholes and being forced to pass the “begging bowl,” as BBC Chairman Michael Grade called our fundraising efforts.

Let's understand the basic economics at a personal level: in a world where the average British citizen pays roughly 120 pounds per year, the average American pays about \$1 for public service media as their part of the congressional appropriations for public broadcasting.

And these taxpayers seem to agree that this isn't sufficient. In two separate Roper polls and viewer surveys—the same studies that ranked PBS the most trusted national institution—a majority of people surveyed said that public television receives too little funding from the federal government, and a majority of these taxpayers ranked PBS second only to military activities in value for their tax dollars.

Certainly, few would disagree that the current combination of appropriations, corporate philanthropy and individual donations and entrepreneurship required of our public/private partnership is not going to allow us to seize the opportunities of the future as we have been describing them to enhance our services without enhancing our funding.

And it's worth noting that Americans have moved from a media culture where they never expected to pay for television to a media culture where 85% pay for cable and satellite delivery of all their media and sometimes on top of that, they pay for mobile phone service, Internet high speed lines, pagers, and Blackberries.

We are a culture of connectivity and getting more addicted to it every day—and paying more for it every day.

This week, cable companies announced more increases in their cable bills. Not a surprise as the cost of build out to prepare for more digital services has raised their costs of doing business, and as a business, they have to ensure a return to their investors. And the public seems to be willing to pay the bills, no matter how high they go for the choices and services they receive.

I think it's time to ask the question: are we as a society going to make a different kind of financial commitment to sustain a vibrant, viable public service media enterprise, to support it in ways beyond our current fundraising efforts?

At PBS, we believe it's time to ask. That's why we have launched two efforts designed to enhance our current funding model.

Knowing that billions of dollars in charitable giving last year were directed to arts, culture, and educational organizations, we felt we were leaving public television's share on the table at a time when we needed it most. So, a PBS Foundation was formed by the PBS Board to solicit the kinds of major gifts from individuals and foundations that will make it possible for PBS to launch new initiatives, to invest in programming up front and get the rights for a "long tail" of value, to use new technologies to deliver our content as citizens need and want it, and to do this without inherent conflict between national and local needs.

We will be looking for our Joan Kroc, and if we are successful in bringing new funds and funders to PBS—working collaboratively with stations to do so—we will grow philanthropic support in ways that strengthen both national and local services and hopefully build an endowment for PBS who has never, in its 35 year history, had one or solicited for one. NPR has successfully built a programming fund and an endowment with their supporting foundation and now the PBS Foundation offers public television at all levels the opportunity to learn and to grow as radio has done through their efforts.

Additionally, we are announcing today another significant effort to address the issues of resources. With a planning grant from the MacArthur Foundation, a long time supporter of some of PBS's best programs, we are launching an effort we call the Enhanced Funding Initiative with a goal of developing a report and possibly a new policy proposal on how funding for public broadcasting overall can be increased to match current and future funding needs.

The initiative will be led by former FCC Commissioner Reed Hundt and former Netscape CEO Jim Barksdale, and it will be overseen by the National Policy Committee of the PBS Board, chaired by American Enterprise Institute Resident Scholar Norm Ornstein and Shiloh Group President & CEO Tom Wheeler. The group will also include thought leaders from various sectors of the media and business world and it will also include representatives from the national broadcast organizations—CPB, the Association of Public Television Stations, and NPR.

The option of creating a trust fund from the proceeds of the analog spectrum option has been a subject of discussion for some time and the window of opportunity on this option is closing, making it imperative that public broadcasting, as a whole community, consider this carefully, thoughtfully, strategically. A digital trust fund has been the subject of a major effort by Newton Minow and Larry Grossman who will share their vision of how this is best accomplished in their panel later in this conference. Also, our colleagues at APTS have been leading the policy work on the Hill on this opportunity to exchange spectrum for funding as well.

The Enhanced Funding Initiative group will certainly consider this timely and once-in-a-lifetime opportunity, along with others, with the purpose of putting forth the most viable options, in their opinion, for a better resourced public broadcasting and how to best take these options forward to a public who has indicated they would be willing to support additional funds for a media service they greatly value. We value the support we receive from Congress, from corporations, foundations, viewers like you, and this effort is intended to enhance all those sources with potentially new sources of additional revenues.

Their work is critical and timely and I look forward to engaging Americans in an entirely new conversation about public broadcasting and its importance in the newly-emerging media landscape and its role in our democracy.

One of the guiding principles behind the formation of a public broadcasting service in this country was the deep concern of those original thinkers and leaders about the sheer power of media in our lives. Even then, when the media landscape was so dramatically different, they believed that who owns, who decides, who selects, who protects, who produces, and who distributes content are questions that are too important to leave only to elected officials to answer or to the forces of the marketplace alone. They believed, and so do we, that media, unlike other industries, is too important to leave to itself to govern or regulate and too important not to ensure that one media institution is set up to serve the public, first and foremost.

There is plenty of evidence, after all, that a strong democracy depends on an informed and engaged public, and a strong and independent media best assures that result. Why else would shutting down such media enterprises be the first act of a dictator and open and free media usually the first casualty in any attack on freedom?

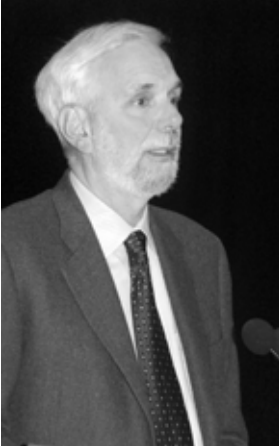
And there is plenty of evidence that a strong public service media institution does inform and educate and engage citizens in ways that strengthen a country and indeed a world that has never needed such citizens more.

I welcome your counsel and value your support as we plan for a future in which all of us as citizens will demand and expect more from all media. In that future, all of us in public service media pledge our commitment to the kind of content that informs, inspires, educates, and engages; to expanding our reach and impact using all the miracles of new media and digital technology, and to securing the resources that will strengthen the media service that belongs to us all.

An aerial, grayscale photograph of a city street grid. A large, multi-story building with a flat roof is prominent in the lower half of the frame. The streets are clearly visible, forming a grid pattern. The overall tone is dark and monochromatic.

AN ALTERNATIVE VIEW OF THE FUTURE OF PUBLIC TELEVISION

Dr. Jerold M. Starr, Executive Director, Citizens for Independent Public Broadcasting



Starr advocates restructuring public broadcasting as a public trust, like the Red Cross.

An Alternative View of the Future of Public Television

Public service broadcasting was well established throughout the modern world before it came to America. It was launched in Britain in 1927, Australia in 1932, and Canada in 1936. In all countries except the United States, public broadcasting was well-developed before commercial broadcasting was permitted.

The universal mission of public broadcasting is to serve viewers and listeners as citizens and voters, rather than consumers. This requires creative freedom, especially from government and commercial controls. In its essence, public broadcasting must be available to all, instill democratic values, promote respect for all groups, and strive for fairness and accuracy in coverage of news and public affairs.

Consistent with this tradition, the 1967 Carnegie Commission recommended that America launch public television to compensate for the limitations of advertiser-driven media and to offer programming that would “enhance citizenship and public service.” In the language of the Carnegie Commission, public broadcasting was to serve as a “forum for debate and controversy,” providing a “voice for groups in the community that may otherwise be unheard” so that we could “see America whole, in all its diversity.” As he signed the bill into law, President Johnson declared, “Public television will help make our nation a replica of the old Greek marketplace, where public affairs took place in view of all citizens.”

Media Monopoly

When PBS was launched in 1967, three commercial networks controlled almost all programming in the U.S. The need for an alternative was clear. The media landscape some 37 years later looks considerably more varied, but the need is just as great. In the U.S. today there are approximately 1,800 newspapers, 3,000 book publishers, 11,000 magazines, 11,000 radio stations, and 1,700 television stations. Behind this illusion of choice, however, lies a collusion of interest that serves the giant media corporations at the expense of American democracy and cultural diversity.

In 1994, a mere 50 companies owned a controlling interest in all of these media. By 2002, this was down to six companies. Comcast and Time Warner dominate the cable market where the average system makes a 30 percent profit. Only two companies, DIRECTV and Echo Star (The Dish), control the Direct Broadcast Satellite market. Between 1975 and 2000, the number of TV stations increased by 75 percent, but the number of TV station owners actually declined by 33 percent. Time Warner, General Electric and News Corporation own all of the cable news networks, whose news and public affairs programs reflect the interests of their corporate owners.

Successful Models

The authors of the 1999 McKinsey Report, commissioned by the BBC, define the most effective public broadcasting services as those that combine both distinctiveness and share. That is, not only do they offer programs not normally available on commercial channels, but they also attract a large share of the audience. This creates what the authors call a “virtuous circle,” whereby commercial broadcasters follow successful programming examples set by public broadcasters. This further enhances public broadcasting’s impact on the civic culture.

The most successful systems enjoy independent funding. In Britain, Denmark, France, Japan, the Netherlands, Sweden, and Switzerland funding comes primarily from TV household license fees. In Germany, commercial broadcasters underwrite public broadcasting with broadcasting and concession fees. Australia and Canada receive generous subsidies from their federal governments. As a percentage of GNP, Australia and Canada receive three times that of America’s PBS, Britain six times as much.

According to McKinsey, the most effective public broadcasting services are the ARD and ZDF in Germany, SVT in Sweden, and the BBC in the UK, all supported by license fees. Their more reliable and substantial funding underwrites broader schedules of programs that generate much larger audiences. Public broadcasters in England, France, Germany, Italy, the Netherlands, Norway, Sweden, and Spain attract audience shares of between 33 percent and 49 percent with Denmark at 69 percent. In the U.S., PBS claims less than three percent.

Independent funding has long been a goal of PBS as well. Carnegie Commission Chair James R. Killian, Jr. argued that “a free, innovative, creative public television service” would not be possible if it were to be “ultimately dependent” on Congress for its funding. President Johnson proposed a trust fund, but Republican opposition caused this provision to be stripped from the bill. Throughout the history of the service, especially in 1979, 1988 and 1995, similar proposals have been advanced.

PBS Decline

Today, PBS is in trouble. Government funding has not kept pace with rising costs, especially those associated with the digital transition. Worse, public support is on the wane. Between fiscal years 1993 and 2002, public TV memberships declined by 20 percent, from five million to four million. A recent survey indicates that this trend has accelerated to a five percent loss in each of the past two years.

The loss in memberships reflects a loss in viewers. In 1987, PBS had a rating of 2.7. This dropped to 2.2 by 1992, 2.0 by 2000 and 1.7 by 2002; 37 percent over 15 years and 15 percent in just the last two. While all broadcasters have lost viewers to cable, the commercial networks own their own competition and have been able to increase advertising and raise rates to maintain their revenue base.

In an attempt to meet expenses, PBS and its member stations also have followed this path to greater commercialism. Five-second underwriting acknowledgements have expanded into 30-second commercials, including pitches on children's programs for junk food and theme parks. There are more co-production deals with commercial partners looking for lucrative back-ends. Such programs typically are designed for export and, consequently, are less local or even national in character. Also, PBS sought and the FCC granted permission to use two of PBS's digital frequencies for revenue-generating purposes.

Despite these compromises, PBS revenue has been falling almost three percent per year since 1993. In the past two years, PBS has downsized its staff three times, cutting its total workforce by 25 percent. PBS tried to make up its shortfall by increasing member station dues by 7.5 percent. The stations, themselves challenged, balked and PBS had to settle for a three percent raise which it plans to use for Masterpiece Theatre and Antiques Roadshow.

Need for a Public Broadcasting Trust

Clearly, a new approach is required. My organization, Citizens for Independent Public Broadcasting, advocates that public broadcasting in the U.S. be restructured as a public trust, along the lines of the U.S. Olympic Committee, Red Cross, or Little League Baseball.

In our view, innovative, diverse, noncommercial programming for both national and local TV and radio audiences would require at least \$1 billion per annum. Most of this would go for TV, far exceeding the \$300 million per year now being spent. This programming fund would be supplemental to current levels of operational support from state governments, individual subscribers, and foundations. Corporate donations would still be welcomed, but would be briefly acknowledged and restricted to general system support. There would be no more upscale commercials masquerading as enhanced underwriting spots.

We advocate further that financing come from the commercial broadcasters who pay no use fee for their lucrative monopoly over the public's airwaves.

The following revenue sources would each provide the \$1 billion per year needed to endow the trust: a five percent tax on the sale or transfer of commercial broadcast licenses, a two percent tax on annual broadcast advertising, a two percent annual spectrum fee, or a piece of the action on the auction of up to \$100 billion in digital spectrum. Any smaller combination of the above also could produce the \$1 billion required to support the trust.

The proposed structure and operation of this Public Broadcasting Trust is spelled out on our website *cipbonline.org*. Suffice it to say that it would replace both the President's patronage appointed CPB and take over the satellite distribution systems now administered by PBS and NPR. More importantly, it would work with professional associations, labor and trade organizations to incorporate representatives of those constituencies crucial to its mission: artists, educators, journalists, and public broadcasters.

The public broadcasting trust would commission, produce, and distribute both news and public affairs and cultural and educational programs as part of a national service to local stations. We suggest further that a significant portion of the trust funds be made available to local television and radio stations to produce and acquire programs of interest to their specific communities.

At present, less than five percent of all public TV program production is local. Only 15 of some 350 member stations have a daily news or public affairs program. Perhaps the most overlooked finding of the recent General Accounting Office report is that, of the 139 licensees that provided narrative comments on program production, 85 stated they do not have adequate funds for local programming or that they would produce more local programming if they could obtain additional sources of funding.

Local Accountability

We recognize that change at the top would not be enough.

As PBS pioneer James Day once observed: “The greatest force for blandness is not the government, it’s the stations.”

Stations need officers with programming vision and boards of directors from diverse social and professional backgrounds, committed to a clearly defined public mission, with relevant expertise, willing to hold management accountable and be responsive to community input. When necessary, such boards also must be willing to defend management and resist pressure from government officials. Accountability must include both fiscal discipline and program policy.

New measures also are needed to empower community advisory boards to perform their designated function; to be engaged in active outreach to the community to solicit evaluations and assess needs. In short, this would be public broadcasting in the service of the public sphere, supporting and enhancing democracy in mass society.

Public Support Growing

Is a public broadcasting trust possible in this age of Republican political domination? This is an empirical question. We do know that all significant legislation has required decades of advocacy before its time came. This includes Social Security and Medicare. While it sometimes seemed impossible, their time did come. To abandon this 37-year quest now is to abandon all hope and trust in the political process.

In at least one respect, the timing is perfect.

The digital transition, like that of color TV, will require millions of consumers to purchase new equipment. In addition to the above use fee measures, a five percent tax on factory sales of digital television sets itself would for several years generate the \$1 billion needed for a public broadcasting trust. If applied to all digital equipment, the tax rate could be lower still.

The fact that the Republican Party is controlled by its conservative wing and that this one party now controls the White House, both houses of Congress and the higher courts makes it absolutely imperative that there be some media, on principle, willing to consider contrary facts, air dissenting views, and hold those in power accountable.

Past public trust proposals were defeated by a combination of forces: a powerful National Association of Broadcasters, timid politicians, the narrow base of reform movements, and a divided public broadcasting community.

So, what is different now? The NAB is weaker, politicians are willing to consider the idea, and there is a powerful public movement ready to support such an initiative. At issue is whether public television still aspires to its founding mission or is willing to settle indefinitely for increasing marginalization.

We must acknowledge that, among political officials, the trust fund idea has never really gone away. In 1998, House Telecommunications Subcommittee leaders Billy Tauzin and Edward Markey designed a bill (later withdrawn) to create a permanent PBS trust fund, abolish the CPB, and phase out commercial underwriting messages. The 2000 Gore Commission on the social responsibilities of digital broadcasters strongly recommended that Congress create a trust fund for public television and eliminate “enhanced underwriting” by corporations. We would be building on a rich history of efforts to accomplish this important goal.

Public support is crucial and has been missing in past efforts. For example, in 1988, the Senate Commerce Committee sought to create a trust fund based on a two to five percent fee levied on the transfer of all properties licensed by the FCC. Predictably, commercial broadcasters offered vigorous opposition. The bill's sponsor, Senator Ernest Hollings, challenged public television officials in the Senate Hearing. "Where was their constituency?" he asked, "Why couldn't they fight a corporate lobby with numbers—viewers who would ring their legislators' bells to preserve and defend noncommercial programming?"

Media scholar Patricia Aufderheide reports, "No one answered him. And no one on the panel was there—from organized labor, community groups, supporters of children's television, issue-oriented groups, or the educational community—to say that public television mattered to them one way or the other."

The potential is much greater today. In the past year there has been a tidal wave of public opposition to greater media consolidation. The three million messages to Congress far exceeded any issue with the exception of the war in Iraq. The Courts have ruled against the FCC's ownership cap rollbacks and Congress also has gone on record in opposition. The networks have pulled out of the NAB amidst a growing dispute with the stations. Fed up with sleazy programming and uncritical reporting of government war claims, public criticism of commercial broadcasters is at an all-time high.

Our polling also indicates popular support for the concept of a public broadcasting trust. A December 1998 poll by Lake, Snell, Perry & Associates found that only 19 percent of the public knew that broadcasters pay no fee to use the public's airwaves. Once advised of this fact, almost two-thirds of those with an opinion favored charging broadcasters for any additional airwaves, including those for digital TV. An overwhelming 79 percent of the American public favored a proposal to require commercial broadcasters to pay five percent of their revenues into a fund to support public broadcasting programming.

We believe that a bold new proposal for a trust to ensure and enhance public broadcasting's contribution to culture and public affairs in a system dominated by rank commercialism, widespread indecency and neglect of public affairs would resonate with the public.

In recent years, several major public interest organizations—like Common Cause, People for the American Way, Working Assets, and the Free Press—have taken up public broadcast reform as an issue. In the recent past, these organizations have generated hundreds of thousands of letters opposing Congressional cutoffs of PBS funding or CPB interference with programming. Their capacity to mobilize broad-based support would be invaluable.

It must be said, however, that none of these organizations has any interest in working to create a trust fund for PBS without substantial assurance that this fiscal independence would, indeed, be used to promote greater journalistic and editorial independence. The truly significant question at this moment is whether PBS is open to change or too trapped by the assumptions of Beltway politics to aspire to a new vision.



(From left to right) Phil Ponce, WTTW's Chicago Tonight, Sandra Guthman, Polk Bros. Foundation and WTTW board of directors, and William McCarter, WTTW-Chicago.

PBS Turns More to the Right

This question is especially salient given the recent PBS choices to host new public affairs shows: Tucker Carlson and Paul Gigot with Michael Medved still under active consideration. Carlson receives 38 percent of his funding from PBS, Gigot almost all of his funding from CPB. At the same time, Bill Moyers' *Now*, just two years on the air, is being cut back to a half hour.

Gigot is chief of the rabidly right wing *Wall Street Journal* editorial page. Carlson proclaims himself a "conservative ideologue and proud of it." He already hosts his own program on CNN, with a dismal 0.7 rating, and professes to have "no idea" why PBS chose him to host a show. He does not think it is because his father, Richard Carlson, used to head the CPB.

Defending these new shows at a July [2004] news conference, PBS President Pat Mitchell denied any pressure from Congress or the CPB. Instead, she said, this was an initiative "to have all points of view," adding, "Once PBS was defined by [conservative] Bill Buckley and *Firing Line*. More recently, we've been defined by many people as [liberal] Bill Moyers." Mitchell stated further that "PBS also airs what's considered one of the most balanced news programs, *The NewsHour*."

This interpretation of balance or diversity totally misses the mark. PBS's new shows are hosted by conservative white male flacks and hacks whose views on military and economic issues mirror those of government and corporate officials. Worse, they already are available to the public through the commercial media. They do not offer the alternative the public so desperately needs. They do not provide voices that would otherwise be unheard. They do not allow us to see America whole, in all its diversity.

I am not just talking about personalities, but also format. Whatever Republican critics may say of Moyers, *Now* offers investigative reports on subjects ignored by the cable news channels and *The NewsHour*.

We need to widen the public discourse beyond that of government media releases and celebrity gossip. We need to present research documenting factual claims that lay the basis for reasonable discussion. And we need to model public discussion that is more than a mere scream fest.

Conservative *National Review* editor John McLaughlin has had one or two shows on 320 PBS stations for at least 20 years, despite a meager 1.2 rating. Former McLaughlin panelist Jake Germond has said that a show where "people repeatedly interrupt one another, shout for attention, deliver ad hominem attacks on one another and deride the moderator" should not be taken seriously. Another panelist, Eleanor Clift, laments, "You don't have time to express the ifs, ands, or buts." In the analysis of linguist Deborah Tannen, "Viewers conclude that if the two sides are so far apart, the problem can't be solved, so why try?" I know that PBS does not offer this program as common carriage these days, but the public does not know the difference. Such shows are the face of PBS.

It is hard to believe that Bill Moyer's *Now* has come to "define" PBS in just two years on the air. We do know that this one program provoked a firestorm of Republican criticism from members of Congress and the CPB. William F. Buckley's *Firing Line* was on PBS for at least two decades. While Tavis Smiley's new program is now carried by some 80 PBS stations, for many years the one national program for the African-American community carried by most stations has been hosted by Republican Tony Brown.

Other conservative pundits PBS has featured over the years include Fred Barnes, Larry Elder, Laura Ingraham, Morton Kondracke, Peggy Noonan, and Tony Snow. The only Democrat has been Ben Wattenberg, a conservative affiliated with the American Enterprise Institute, home of the Project for a New American Century.

With the exception of Bill Moyers, no progressive has ever regularly guested on, let alone hosted, a PBS public affairs program. I include in this pantheon of outsiders, such journalists, broadcasters and intellectuals as Barbara Ehrenreich, Amy Goodman, Ellen Goodman, Molly Ivins, Katrina vanden Heuvel, Phil Donohue, Jim Hightower, Paul Krugman, Michael Moore, Cornel West, and Howard Zinn.

As for *The NewsHour*, Pat Mitchell neglects to add that this praise for its balance comes largely from Republicans who would shriek in terror at a truly independent news service, like the BBC. In the early 1990s, MacNeil-Lehrer Productions sold two-thirds of *The NewsHour* to Liberty Media, a subsidiary of TCI cable systems, owned by arch conservative John Malone, and later acquired by AT&T.

In 1998, sociologists David Croteau and William Hoynes analyzed several weeks of *NewsHour* shows. Depending on the topic, from 75–90 percent of the sources that appeared on camera were "elite voices," that is, corporate representatives, government officials, professional journalists, and academics. The segments on economic issues featured three times as many corporate representatives as labor representatives. Public interest advocates accounted for only five percent of all guests. Men outnumbered women by four to one. The differences with guests and topics featured on ABC's *Nightline* were negligible.

This discrepancy is built into the very concept of the program. In 1991, Robert MacNeil admitted that "the policy critics are not visible in our program." He explained, it was "because most of the time in our studio discussion...we are coming at the point when the debate has reached the question of policy and how that policy will be turned into action."

After he left the show in 1995, MacNeil acknowledged the timidity of most PBS programs: "We [PBS] are not as provocative, innovative, creative, or original as we should be...Trying to ingratiate ourselves with the public by diluting what we do plays into the hands of the people who say we're either not good enough or not necessary."

In his 1999 review, *Current* contributing editor David Stewart acknowledged *The NewsHour* to be "intelligent, fair, and determined to consider significant issues and news stories." However, in his view, it was not "brisk." He explains: "The debates...sometimes seem endless, the discussions feature predictable views, held by an equally predictable set of lawmakers, military leaders, and professional pundits."

PBS deserves praise for presenting many fine documentaries over the years under the auspices of *Frontline*, *POV*, and *Independent Lens*. The recent *Frontline* on the credit card industry was first rate journalism. Unfortunately, too many award-winning productions have been blocked by PBS underwriting guidelines which permit funding from corporations and conservative foundations, but ban support from organized labor and public interest groups.

For more than 30 years now, corporations have been actively promoting their interests through the Business Roundtable, Heritage Foundation, American Enterprise Institute, Hoover Institute, and numerous other foundations, think tanks, publishers, web sites, TV, and radio programs. In this last election, top-giving corporate political action committees favored Republican candidates by a margin of ten to one. It is an obsolete bias to pretend that unions and public interest groups are political actors while corporations are not.

This ban effectively handicaps the development of programs with alternative perspectives while doing nothing to ensure fairness and accuracy in content. The latter is a desirable, even essential, goal but could be achieved more effectively by following any of the many peer review models currently practiced in academia, publishing, and the arts.

Reflecting this PBS reliance on corporate support, there are nightly and weekly programs featuring Wall Street and business news, but no regularly-scheduled programs that examine the economy from the perspective of workers, consumers, or environmentalists.

The consequence is the continuing erosion of core supporters for whom this is supposed to be the alternative to the corporate-owned, establishment oriented cable news channels.

In fact, when compared to broadcast-only viewers, some 35 percent fewer PBS members with cable now look to PBS first for “in-depth analysis of major news and issues,” and 43 percent fewer for programs that help you “understand the issues that matter to you.”

They now have new choices on public access channels like *Democracy Now*, satellite channels like Link TV and Free Speech TV, cable's *The Daily Show* with Jon Stewart, and subscription channels, like Showtime and HBO, willing to feature shows like *Real Time with Bill Maher*, documentaries like *The Panama Deception* and series like the sequel to *Tales of the City* judged to be too controversial by PBS gatekeepers. These do not begin to approximate the reach of the Christian Broadcasting Network, Fox News, or MSNBC, but they do offer progressive alternatives not available on broadcast media, including PBS.

Defending the Public Interest

Beyond any semblance of real balance in our media system, we all suffer from the lack of vigorous investigative reporting to inform the public about social problems confronting our nation and our communities and what can be done about them. The FCC requires that all frequencies be dedicated to the public interest, convenience, and necessity. This should be truer still of those frequencies specifically reserved for public education.

In the tradition of the Enlightenment, the public interest refers to all those things that are essential to community and nation. There is a public interest in accountable government, an impartial judicial system, tax fairness, secure borders, crime-free streets, effective schools, safe roads, reliable public transportation, economic growth, good jobs, clean air and water, affordable health care, a social safety net for the disadvantaged, and all that makes for a good society.

These goods are of a different order than home shopping or celebrity gossip, no matter how many individuals might be interested in such things. The same can be said for typical PBS fare, like how to cook, garden, paint, sew, decorate your house, lose weight, manage your emotions, or make money in the stock market. Such subjects do not address the public interest.

We may differ on how to obtain these collective goods. But that is precisely why we must thoroughly investigate, discuss, and debate these questions. And we cannot do that without the active cooperation of those who control the media of mass communications, especially those dedicated to public education.

According to the distinguished educator John Dewey, it is the media's job "to interest the public in the public interest." If we desire a democratic society, if we desire transparency and accountability in our political and economic affairs, then we must dedicate a sufficient portion of our communications capacity to consideration of the public interest.

News and public affairs on PBS must transcend the artificial criteria of objectivity and balance which are used selectively to censor program content critical of established interests.

No one requires business programs to invite socialists or labor leaders to balance the views of capitalists, religious programs to invite atheists to balance the views of believers, programs on national security to invite pacifists to challenge the assumptions of militarists, or cooking shows to give equal time to vegetarians. Similarly, charges that one has failed to adequately balance the views of public interest advocates or policy critics with the views of government or corporate officials are most often red herrings to distract attention from the media's ongoing censorship of those who challenge the system.

PBS spokespersons are fond of defending their service by pointing to criticism from both the left and the right as evidence that they must be doing something okay. A more efficient conclusion is that all alternative points of view have typically been excluded in favor of programming dominated by establishment perspectives and sensibilities. Public broadcasting's unique mission requires that it include alternative voices rather than justify their exclusion; that it reflect on power, not simply reflect power.

In our view, this is not an issue that can be neatly reduced to political labels—liberal vs. conservative, right vs. left, Democrat vs. Republican, or whatever. It comes down to a question of what stories get told and who gets to participate in the telling. If politics, economics, and other public affairs are covered only from the top down, interest groups and potential publics representing millions of citizens will continue to be excluded from the national debate, further impoverishing our democracy.

When those who control the dominant institutions also dictate the subjects and terms of public discourse, democracy and truth are the silenced victims. Surely, the perspectives of government and corporate leaders are important. However, they must be balanced, if you will, by coverage from the bottom up—with an understanding of what is happening to our workers, consumers, citizens, and environment.

This could be the beginning of a bigger and better public television in the United States: a public television truly equal to its important mission at a time when such contribution is needed more than ever. Or it could be the beginning of the end. The choice ultimately rests with the leaders of public television. We eagerly await their decision.



THE STATIONS' VIEW OF THE FUTURE OF PUBLIC TELEVISION

John Lawson, President and CEO, The Association of Public Television Stations



John Lawson: DTV offers a fresh start for public television.

The Stations' View of the Future of Public Television

In 1991, Jeffrey Wore wrote what is called *Crossing the Chasm*, and it's about how industries handle informational technologies, especially marketing, and how some companies have taken very good technologies and failed in bringing them to market. The companies themselves have failed while others have crossed the chasm successfully and found themselves transformed into something much greater. So, my comments today will address the question of the future of public television from a stations' perspective, and that really has to begin with an examination of the digital technology.

Republic Television in the 21st Century

We really have to drill down to understand this technology and that's because how you negotiate the chasm between analog television and digital television will, in my opinion, really determine the future of public television. I can tell you now I am optimistic about our future, but I also know the challenges are enormous. I must note that much of today's agenda seemed to be focused on PBS, as is appropriate. Clearly, the direction of PBS is one of the key factors in determining the future of public television in this country.

However, it would be unfortunate if most of what people remember from these two days is a discussion about PBS. The real action right now, at this moment in history in our system, is at the station level. DTV will have many more challenging programs and it appears they will acquire that programming from a much broader range of sources, not just PBS as they are now, and one of the sources, I believe, will be a resurgence of local productions.

So to understand the future of public television, you have to understand the technology and how it will change the equation in a very fundamental way, I believe, at the station level. If you don't do that, then you end up having a discussion about 1980s television programming models. In fact, I believe DTV creates a great second chance, hence the title of my presentation, today, *Republic Television in the 21st Century*. As Jerry Starr said, in the enlightened United States the public service media would burst in the UK and in other countries. It was public service media that established analog television in these cultures. In the United States it didn't happen that way. It was the commercial television model during the so-called 'golden age' of television in the 1950s that established itself in the hearts and minds and living rooms of the American public. Public television here came later as an alternative, a much better alternative, but still an alternative and that's where we are today.

Digital presents the possibility for a fresh start for public television if we can continue to lead, and in many ways we are leading in the

deployment of digital television technology, if we can gather a large share of this small-but-growing digital audience and hang onto that share through the digital transition. Then at the end of the transition, we will be in a much stronger position in our culture than we are today. If we seize this chance, we might have a different destiny in the digital age than we have had in the analog.

There is some good news here. Stations have already stepped up to the plate in a big way to seize this second chance. Our stations have raised over \$1.1 billion for digital purchase, mostly from state legislatures, from foundations, and community capital campaigns, and when the state and foundation funds began drying up earlier in this decade, we finally persuaded the federal government to step in, which they have; over \$350 million has been dedicated so far, through three different grant programs, two of which Congress has created in the past two years. So we hear a lot about the declining of our revenue in public television, but we always seem to ignore this signal achievement, all we've done to raise money for our digital conversion, and I'm amazed at how seldom we celebrate this singular historic success. But the challenge now is to launch the success in this infrastructure and the stations are beginning to do that, too. They are rolling out new services. They are finding new applications. The panelists here have wonderful stories about how they are beginning to roll out the DTV in ways that help real people, and I look forward to hearing their examples of very creative experimentation and innovation and at the state level, and that is where I will focus my remarks today.

PBS is a key element in the equation, no doubt about it, so let me make just a few comments about PBS. Pat, I think, summarized it well in her discussion about The Public Square. We have to re-invent national/local. We are unique in the world of media and we have national/local to some extent, but I think we could do a lot more, and I know Pat and her team are working to make that a reality.

We have to find a way to reach the Baby Boom generation, more than we are now, and younger generations. We 'boomers' are aging into the demographic where people normally, the previous generation, the GI generation and the so-called 'silent generation' before us started watching and giving to public broadcasting. We are not doing it at the same rate, so we have to find a way to connect with these new generations. I think, above all, we have to find a way to, in a much more robust way, tap into the incredible creativity and diversity of the American people, and I mean all of the American people.

With multicasting and data casting, we are going to have a lot more distribution capability than we have had in the past. There is a possibility that digital will also drive down the cost of production, and I am hoping that this is going to open up a lot of new doors.

One key to producing this new programming, this digital programming, is through our major producing stations. I am a huge admirer of these institutions. They not only provide the finest television programming ever made, but they take enormous financial risks and many public stations in the past have gotten into serious trouble by taking these risks for national production. So, I think we take for granted what these big production houses in public television do, but even the biggest stations can't do what I'm talking about in terms of tapping into this rich diversity of our country. New content must come from different sources. We need more and different quality programming and we need it from more people, more regions, and more stations. We need to honor and support the great producing houses of public television and create venues for new voices. DTV gives us those new venues like these new channels. We need to find ways to fund the production of that content and, I believe, we can.

So let me give you the outline for the rest of my presentation, today. I want to:

- Provide an overview of public television in the United States.
- I want to share with you our view of federal funding trends, not only from traditional programs, but from some new targeted funding sources.
- We want to look at more DTV business models. We've had a lot of discussion about a trust fund. We will share with you some of our research and thinking in that area.
- We will close with a few comments about the importance of advocacy.

So, we do have national reach to local institutions. Public television in this country is somewhat unique in that we are so highly decentralized: 355 transmitters run by 177 licensees, all locally owned and managed. We are among the last of the locally controlled media in America. Contrast this with the largest commercial station groups. We are not a station group per se, but just by comparison the largest commercial station group is Sinclair. They have 64 stations. Looking at the largest network, NBC, combined affiliates and ONOs has 230 stations. So, public broadcasting is a huge footprint. Our transmitters and our transmission infrastructure, I'll say, reaches 99% of the population. What our transmitters don't reach, we fill in with translators, which are, in effect, low-power repeaters that we have across the country, in fact, 700 of them, more than any other entity.

Our stations are successfully making the conversion at the infrastructure level. As of November 19th, we had about 82% of all public stations on air with a digital signal reaching markets that include about 93% of U.S. TV households.

Now, let's look at our funding for a second. We have always had to fight for every dollar we've raised, very much unlike the BBC and NHK, and there is no question we are underfunded, but there is an upside to this diversity. By not relying on a single source of funding, it does provide us with a degree of insulation from political pressure. It prevents the kind of abuse we're seeing in Italy today, or in Russia. We will never become State

television. Our need for local funding keeps us very close to our communities. Let's look at federal funding. The secret here is that federal funding is, actually, priming up for public broadcasting. We've maintained and grown our traditional funding sources such as CPB. Very importantly, despite four years in a row of the White House attempting to eliminate advanced funding for all programs, not just ours, we have maintained. Congress has maintained a principle of advanced funding. Those of you who may not be familiar with that policy should know it dates to the mid 1970s as a reaction to the Nixon Administration's attacks on public television. It funds CPB two years in a row and provides a degree of insulation from the political currents of the day, and it's important that we have maintained that.

We have also opened up some new line items. In fact, in the past three years, Congress has created and funded four new line items for public television. If you add all of these up, you can see the kind of growth that we've had. In FY 2001, total federal funding was about \$430 million, and that's not just CPB, that's the other funding sources we have. In the Omnibus Appropriations Bill that Congress just passed, our total combined funding was about \$550 million. That's almost a 30 percent increase over four years. It would have been impressive if we just held our own, particularly in this last bill. Some very important programs got cut. The EPA was cut, the highest legislative priority of the nuclear power industry, the Yucca Mountain Waste Repository, funding for that was cut. The First Lady's initiatives were cut. Some of the President's own initiatives in the humanities were cut. So, holding our own and actually securing an increase, I think, is a testament to the support, the bipartisan support, we continue to enjoy in Congress. Much of this increase was for infrastructure; however, there is growing interest in re-purposing some of this infrastructure money for content and Kathleen, this morning, talked about really the first round of that. CPB, with the support for APTS and the industry in general, and Congress took \$4.7 million out of infrastructure money and has made it available in this current RFP for digital services.

We had another substantial appropriation for digital infrastructure this year, but as stations build out their infrastructure and sort of get over the hump in terms of transmitters and towers, I think we will see a lot more of this money going to content, which is exciting. The success we've had in this area, in terms of growing or maintaining our funding and growing it, I think comes down to several factors. We are connecting DTV with a new generation of services for the American public. We have talked a lot about the promise of DTV. Certainly, the state networks did a great job in convincing state legislatures to support infrastructure conversion based on the promise of these new services, but now we are beginning to see these services roll out. Congress increasingly understands this technology and what it can mean.

Secondly, there is a backlash against media consolidation. I think it took a lot of people by surprise that we are the last of the locally controlled media. It is a big policy trend that helps us, as does the whole debate about indecency, to a certain extent.

And finally, we are pretty effective advocates in public television. I say that. I am biased. I run a trade association. We are the lobbyists for public television. I think we have a pretty effective, small but effective, team in Washington, but the real power in our system comes from the local communities. We have never done a good job accepting moments of extreme crises, like 1995, of mobilizing the general public or our viewers and members, but usually we don't have to because the boards of our local public stations and the advisory boards and the foundation boards and the friends boards are made up of leading citizens in every community across this country, and they give a lot to public television in terms of time and money, and, guess what: they are also willing to help us as citizens. Year after year we go to these people and ask them to contact members of Congress for us and they do it, and they come to our Capitol Hill Day event in February. That is really the core of our support in this country and it is our job, as advocates, as political operatives to feed that support base, mobilize it as needed without going to the well too often. But we will have to go to the well because it is only going to get harder.

The budgetary situation in Congress is awful. We have huge deficits as far as the eye can see. Never before in a war situation have we cut taxes. We have done it three times since 9/11. Domestic programs will continue to feel a lot of pressure, so we've got our work cut out for us.

Now, in terms of new funding sources, the APTS Board, about three years ago, adopted a policy we call enhanced services. It was a recognition that the lowest common denominator approach to everything we did on the hill simply wasn't sufficient. It was holding us back, so we've taken, you might say, a tiered-services approach where we can work on behalf of subsets of our members who have a particular interest and these stations have shown a willingness to contribute funding to us over and above their dues to hire lobbyists or invest in the advocacy that we need to pursue some of these opportunities.

Our first effort was in the area of rural services. People in public broadcasting thought I was crazy when I started talking about the Farm Bill. What does public TV have to do with the Farm Bill? Well, it turns out, a lot, because there is a lot of money for rural economic development and if you are familiar with the difficulty that the policy makers and private industry has had in extending broadband, wire lying broadband services to rural areas because of the economics, you'll understand that DTV has a lot of appeal, and there is a huge rural base in Congress, particularly in the Senate.

Not only that, but if you look at our historic support in Congress, it's been rural senators: Warren Magnuson from Washington State in the 1970s; Barry Goldwater—one of our greatest heroes, he kind of protected us from Reagan; Ted Stevens from Alaska is our best friend in the Senate so there is a natural relationship here and digital helps us build on that relationship. So, over three years, Congress has appropriated almost \$40 million to this new program. Although it is going for infrastructure, it could evolve to support services in content.

Our next coalition is the Higher Education Coalition. We have an official working group with the association that represents state universities and land-grant colleges, as well as some of the other so-called presidential higher educational organizations in Washington. The money received from our members for this coalition we used to hire a very experienced firm in town and, on our behalf, they are working to persuade Congress in the reauthorization of the Higher Education Act to include language that would authorize the funding of grant programs for partnerships between public stations and institutions of higher education to produce and distribute this new generation of curriculum content. We've had some success. The Congress did not pass this bill. This is going to be the theme over the next several slides, but it is keyed up for the next Congress.

The next is workforce skills, adult literacy. Ladies and gentleman, if there is one segment of learning in America that needs an infusion of creativity and technology, it is in adult literacy, ESL, workforce training; public television could play a much bigger role than we're playing now. In fact, over 30 years there have been only two major federal grants to public television for work in this area. We are seeking authorization to create a program we are calling *Ready to Work*, modeled after the *Ready to Learn* pre-K program with programming and outreach. We have secured language in both the Workforce Investment Act and the Senate version of the Perkins' Vocational Educational Act to do just that. Again, neither bill was passed by this Congress, but we should be in good shape for the next congress.

K-12: We don't have a coalition in this area right now, but we have had some activity in the past that was successful, but the new Congress will begin reviewing this landmark legislation, also known as the Elementary and Secondary Education Act, and very interestingly, we had a preview of the Bush Administration's National Education Technology Plan and digital content is a big part of the plan with, what we understand, will be a recognition of an explicit federal role in ensuring that digital curriculum content is available to all Americans at all levels. So, I think there is an opportunity here for us to consolidate some of our smaller grant programs and go to Congress with a much bigger plan for public digital television to play a role here. Now, a lot of people in public television say, "Yeah, this is great, but you know I'm interested in making programs." And we do have kind of a model now where we raise the money and get a prime-time program together and on the air and then we might reversion it for use in higher education or K-12 classrooms. Well, I can see the day when we turn that model on its head, where we are actually getting funding to produce curriculum content and out of that reversion prime-time programming. Just a thought.

Our largest coalition is in the area of homeland security. This is our largest with 60 licensees supporting us. They really leverage digital television as a wireless bottleneck-free delivery platform for emergency messaging. We are really building on a lot of great work in this area by our stations. This is just a few examples here and we want to secure federal funding and we want to facilitate stations securing state and local funding from homeland security and also to help stations with their own emergency preparedness. I sit on the FCC's Media Security and Reliability Council, which is really working to ensure that the media infrastructure is prepared and capable of responding to an emergency.

In Washington and New York on 9/11, it was very hard that day to make a phone call or make a cell phone call. It is well known that the District of Columbia government and the White House Office of Personnel Management could not even communicate with each other without evacuating the federal work force. On top of that, we have

an Emergency Alert System that dates to the Truman Administration. It was designed for the president to have access to the media in the case of a pending nuclear attack. Fortunately, it was never used. I'm not sure what JFK would have said, "The missiles are coming, hug your kids," but it's an analog system, it's clunky, and it's not reliable. It is used some at the local level, but there is a lot of thinking in Washington about rebuilding or enhancing this cold-war system and after three years of knocking on a lot of doors we, finally, had a breakthrough with FEMA, which is the Federal Emergency Management Agency of the Department of Homeland Security. We signed a cooperative agreement, announced it in October. The people at FEMA that we're dealing with, you think of them as responding to hurricanes and other natural disasters, but FEMA has the marker for presidential messaging. They have the marker in the government for the EAS System, and they have responsibility for the continuity of constitutional government. The gentleman on the right, that's me on the left, Reynold Hoover, is the Director of the Office of National Security Coordination at FEMA. [Throughout his presentation Lawson refers to power point slides not included in this publication.] Reynolds carries five cell phones, at least two of which you do not want to hear ring. Okay? He is the guy in the undisclosed location with Dick Cheney. They have recognized DTV as a way to provide secure communication for the president, for the president to reach the public. So, we watched this pilot project in the national Capital region. We were using WETAs bedstream. It is good to have Joe Bruns here with us. PBS will take the test data for national distribution and we have other stations in the area participating, as well. Here is a schematic of the distribution. Part of this test will be to take the DTV system and send that data to other devices: cable networks, cell phones, other wireless devices, as well as other TV and radio stations. In this model, FEMA would provide a signal to WETA, probably over secure fiber. WETA puts a signal on the digital transmitter where it is sent to state and local agencies, wireless phone carriers, cable suppliers, other radio and TV stations. WETA is also providing data to PBS over the air and FEMA will also have a direct link from PBS, which will put this data on their satellite so other stations around the country can test it. If you look at the coverage area of WETA, you can see that it reaches the entire National Capitol Region with the incredible scalability of DTV. You can reach one million receivers as easily as you can one. There is no bottleneck in distributing video like you have on the internet. For Dan Smith's sake, I put in WTTW DTV and see it covers a huge swath of the metropolitan area, including a lot of fish in Lake Michigan, but you can see why the government is interested in this technology. The emergency authority issues the alert and we have to work out a protocol of who that authority is and what is a legitimate emergency. There is to be a secure link to the transmitter and then there would be automatic hands-off distribution of the alert. Very importantly, we are using very limited amounts of data here, even if the president is speaking in real time streaming video so that it doesn't interrupt our regular programming. Just a couple of examples here of other information that could be sent; a research assistant created this map. It is a theoretical dirty bomb going off in Washington and you could send through this system information to the police or authorities. It could be encrypted or it could be made available to the public. For some reason, this research assistant centered the Ground Zero for the dirty bomb right over our headquarters in downtown Washington, but I don't know that meant that she was disgruntled or something. But you could also send treatment protocols, for example, just in time information to medical professionals about dealing with a particular emergency. Beyond the agreement with FEMA, Congress has recognized this potential. We were able to get language in the Homeland Security Appropriations Bill, recognizing the technology and

requiring FEMA to report to the Appropriations Committee by the end of January on this project. And we think this provides a seal of approval for stations to go after state and local money, and also strengthens the case for continued federal funding, including our next generation interconnection system toward which Congress appropriated \$49 million in the bill just concluded.

Okay, so you may be saying this is all well and good, emergency communication, fine, but what about the kind of programming and related services we usually associate with public television, that we are used to, and we expect to see a lot more of. Well, there is a direct link. If DTV data casting is good enough for the President of the United States to reach the public in a national crisis, it should be good enough to send PTV programming and other content to consumers, but maybe not in the ways we are used to. It all comes back to examining what DTV really is. DTV we think of as high definition or multiple standard definition, but DTV is really a wireless data delivery system and this is a liberal art major's description of this technology. But the broadcasters can distribute 19.4 megabits per second. How much data is that? To use a technical term, it's a lot of data, about 12 T1 lines, and they can do it on a metropolitan area basis. The signal can be received through standard antennas like rabbit ears. You can receive it on new digital sets, through set-top boxes for analog sets and, very importantly, through tuner cards with PCs, pretty expensive devices, and let me tell you, if you haven't seen this you should. The video that is displayed on PCs, distributed by DTV data casting is the best looking video you will ever see on a PC monitor. There is no buffering, there is no dropped connection, very high resolution, and it is important to look at the band width issue here. You can see that even when broadcasters are sending high-definition content, they are only using a portion of the 19.4 megabits, so you can take a lot of band width and dedicate it for data. Not only the dedicated portion of the band width but you can see the spikes, these peaks and valleys, in the amount of data that it takes to send high-definition signal. You can do this with standard definition, too. In other words, if you're watching an MBA game, while there's action you're going to have a spike. When there is no action, you're going to have a lot of data left over. So, the broadcasters have a lot of options here, which brings up the programming side and very much the possibility for a new revenue model here.

We have been approached, we are approached by companies all the time. They come through our offices. They keep saying, "Look, we're the lobbyists, we're the advocates, but at some point we are going to get involved in business development for our stations because these opportunities look too good to pass up."

There is something in the mobile devices world called the triple play, and it's that the wireless networking companies, the cell phone manufacturers, and others, are quickly planning for the day when hand-held devices, like, Blackberries, will be able to receive, eventually, 300 channels of streaming video. We are seeing a lot of activity in Europe, but those that were at the cellular industry's trade show a couple of months ago, are all talking about this triple play; the triple play of video, voice, and data to these hand-helds.

We have reached agreement with KenCast [Inc.], which is a major software provider. KenCast provides a software that ensures the reliable transmission of data, wireless data. They do a lot of work for the Department of Defense. They do global e-mail for the Navy. They also do a lot of work with the entertainment businesses, and they've come to us with a plan and we're going to test this in Philadelphia. We have reached an agreement, in principle, to do that anyway, very recently. It could be a big deal because if it works, it could become a new major source of revenue for us in years to come, and help us monetize our spectrum and our investment in it. Basically, the American standard is not designed to hit mobile devices. The long tail that Pat and Kathy were talking about will extend to these, but the American standard does not directly support, at this time, hitting these devices. But it doesn't have to.

The wireless devices that are proliferating are Wi-fi enabled. We are seeing that there has been an explosion of Wi-fi hotspots all over the country, particularly in Philadelphia where the city government is building out. In this model these 300 channels of video actually would be fed through a DTV signal through data casting to what is called a Wi-max phase station. We all know Wi-fi, well Wi-max is next. It is a much wider area and it will feed Wi-fi. So, in effect, the Wi-max base station will be kind of a head-in, like a cable head-in, and we could be asked to provide data to that in the way of entertainment or other content.

It could be education or it could be public safety, but the opportunity—this could become a major new revenue source for us and, guess what, we're allowed to do this. In October 2001, the FCC finally issued its ruling in the area of what we call Ancillary and Supplementary Services. This had been the object of advocacy by our association for many years and, basically, the FCC recognized that DTV spectrum is beach-front property. That's what they call it. It's so valuable because you can do so many things with the spectrum, unlike spectrum that is higher up in the bands.

And they basically partially deregulated public television. They said you can use a minority portion of your total signal to enter into business arrangements, to provide services, and you can make revenues, subscriptions, pay-per-view or even advertising. Some public interest groups challenged that in court, or at least part of that order. It went to the U.S. Court of Appeals. The FCC was quickly upheld, but we have not used this authority, yet. I think we kind of scared stations off of it and said let's don't do something that is going to create a black eye or embarrass our industry, but the reality is the business models to take advantage of this capacity for us or for the commercial broadcasters, are just now emerging. But we see this as potential major revenue opportunity for public broadcasting going forward. Now, just a note about this, the FCC made clear that a substantial majority

of a station's bandwidth still has to be used for noncommercial educational purposes. Also, this material is, by nature, not broadcast. By definition it is not broadcast. It would be seamless to the user, but the signal has to go to users on what's called an addressable basis subscription pay-per-view conditional access. So, I don't see this conflicting with our noncommercial look or feel, but it is an opportunity to monetize this asset and make some money that we can plow back into the noncommercial mission. Now let me address the trust fund issue.

Let's Get it Right This Time

My subtitle here is: Let's get it right this time.

The trust fund has sort of been the Holy Grail for public television since the mid 1960's. It has always failed. We have never even come close to getting a trust fund enabled, enacted by Congress, and we couldn't do it when Lyndon Johnson was in the White House at the height of the Great Society with Democrats controlling both houses of Congress: I don't think we've got much of a shot of doing it now using the models we've tried to put forward in the past. The idea of taxing the commercial broadcasters, putting a tax on television sets or receivers is DOA.

We would be wasting our time, in this environment, to ask for that. But this time, we have something to put on the table and it is our spectrum.

Just one other note about the models of the trust fund and some of the language we are hearing about a trust fund:

It is illusory to think that a trust fund would somehow magically mean that there is no federal oversight of the money or of public broadcasting. Congress has established several trust funds: for example, the Highway Trust Fund, and the Airport Trust Fund. They managed that money through a yearly process that looked a lot like the appropriations process.

So, we're looking at a funding source, but we are not looking at somehow becoming free of any sort of congressional oversight. That's not going to happen and that's a sentiment shared by Republicans and Democrats.

But in terms of the equation here, we began exploring with our stations about a year and a half ago their willingness to turn off analog. It is costing us about \$50 million a year in electricity, plus many millions to replace analog transmitters. It's a technology that we need to be well rid of if we can. So, we asked our membership some questions in this area and let me share two of these survey responses. Question: If you knew that cable would carry your digital signals when you switch off analog-at low cost at top boxes-digital to analog set top boxes were available to consumers, and that Congress would establish a trust fund, how soon would your station be willing to turn off analog? Eighty-one percent of our stations told us, and this is a very high participation survey we did, they would be willing to turn off by the end of 2007, or sooner. You flipped the question without cable carriage or low-cost set top boxes or trust fund, how soon would you expect your station to turn off analog? Eighty-six percent said 2010 or later, so we have shared this information with Congress. I testified twice within the past year before Congressional committees and presented this information. They were all looking for a way to end analog,

and so we've come to Congress, basically, with an offer. You establish a trust fund, you let us keep some of the auction proceeds, and you're going to get some spectrum back, which is coveted by the wireless broadband industry and by public safety.

Now let's look at these conditions. In terms of carriage, cable carriage, we do have some transitional agreements, and I know John wanted me to make some news out here about an agreement with NCTA. It is not cooked yet. We don't have a deal, but we have been negotiating for 15 months about a post-transitional deal. If this doesn't work, then we will continue our efforts to have the FCC or Congress impose must-carry requirements on the cable industry, or digital, as they did in analog. Satellite is also on the agenda.

Taking care of over-the-air consumers: Public broadcasters are in the same boat as politicians. We can't just turn off people's television sets. Mike Calarese called it the last grandma issue. We can't just make television sets go dark, just simply decide to turn off analog. We have to figure out how to transition these people. Neilson says 14 percent of U.S. TV households rely exclusively on over the air. If you look at the numbers more closely, it is probably closer to 22%, and millions of millions of homes have second and third sets that are not hooked to cable or satellite, even if one set in the house is. So, we're all looking at ways to take care of these people, to get this transition done as they have in Berlin. And there are a lot of subsidy models out there; use some of the auction proceeds to buy set-top boxes for people, but we believe people can be motivated to purchase set-top boxes. I think part of it is to make over-the-air television cool again, whether you are sending the signal to TV sets or PCs or other devices.

We need to re-launch and re-brand over-the-air television. Let's call it, say, wireless TV and it could be that we could find a market and get people to make this transition on their own. We're encouraged in this regard by what's happening in Europe, particularly in the United Kingdom.

They launched digital terrestrial television about the same time we did, but as a pay model. It failed. The British government recalled the licenses, they re-competed them, not at auction, but a beauty contest and a strange consortium of the BBC, (B Sky B) which is owned by Rupert Murdoch and Crown Castle, a transmission company, got the licenses, and we have the gentleman who created this service at our office and they came up with something called Free View, and they made a very simple proposition to the British consumer. For a one-time investment in a set-top box, less than £100 now, we are going to take you from six or so analog TV channels to 30, plus 10 audio channels, plus wide screen. You know what? This has been a phenomenal success in the UK. Within two years they reached 10 percent of the UK television market. So we think there is an opportunity here beyond the spectrum issue. We see an opportunity to bring back over-the-air television, digital television.

Finally, let's look at some survey work we did. We hired Worthland Worldwide. This was Ronald Reagan's post. They do a yearly survey of Capitol Hill and they are very good at getting to senior staffers on the Hill. These are preliminary results that we have shared with our board, and I'm going to give you just a few of the responses we got.

We asked about local: If Congress were to fund only national or local, if there were to be a funding increase, where should the money go? And local, of course, but it is also important to note that in the GAO survey, stations by a huge majority are still willing to aggregate money for national programming, even have some of the money designated by law to go to national, but clearly it's the local angle here that holds Congress' attention.

Children: Huge support for our mission here: Even though cable has a financial edge, public broadcasters, by a big majority of both parties, are seen as providing truly educational programming for children.

Digital technology in the classroom: We asked about the importance of digital technology. Huge majorities here think that it is very important. This was public TV neutral. A majority of Republicans, Democrats by 2:1.

DTV's role in education policy: Public television stations have received funding from Congress to assist with the transition to DTV. How important is it to achieving the country's educational policy goals, not public television's, that PTV stations use DTV to provide new education and training services to their communities? Eighty-two percent said yes, it was very important or important. We're exploring this new proposal for the No Child Left Behind Act and using PBS' digital classroom idea as a model.

Do you support federal funding to enable PBS to digitize its educational programming? Yes, 76 percent, Republicans favor a majority. Not as big as the Democrats, but still a majority.

And the trust fund question: Congress and the FCC may require broadcasters to return their analog spectrum by a certain date. Would you support creating an education trust fund in return for early spectrum return by public television stations. About 2:1 said yes, mixed support among the Republicans, but we think we've got something to work with here.

So the conclusion is partial. There was some bad news as well, which I'm not sharing, yet. The support remains strong for funding our local mission. Over-the-air public TV's children's programming is still our franchise. Trust fund has some report, mixed among republicans, but there is definitely a link between digital and education services. It becomes then a part of our key trust fund proposal. And I will just take you through some of the highlights of our ideas, which we have discussed with the Hill.

A trust fund should not be dependent on spectrum valuation. We do not know how much it is worth. We can't talk in terms of just replacing annual appropriations, one-half billion dollars a year in annual appropriations.

So our idea is not to replace appropriations, but to make the trust fund do something, have it dedicated to something that would be additive to annual appropriations, and that is the production of digital education and informational content, and the funds would go to local stations.

They would be free to re-aggregate and it would be based on the voluntary early return of spectrum.

I hope that the EFI, the Enhanced Funding Initiative we have been hearing about will take advantage of this research we've done and the other fact finding we have done and discussions we have had with the members of Congress, because we really do need a common message here, a common proposal. I want to congratulate Larry Grossman, Newt Minow, and Anne Murphy for the superb work they've done in advancing the DOIT Proposal. The fact that in this environment they got a second appropriation in a row to develop this model for the Opportunity Trust Fund is really remarkable. It also is a testament to the value of coalitions. This can't be just a public television trust fund. We have to make a real partnership with universities, with K-12 education, with museums, libraries, and other nonprofits. That's the only way that this is going to work and we are having some very productive discussions with Larry and Anne about how to bring these ideas together, and I hope that EFI will do the same.

In conclusion, let me just say that all of this depends on a very robust advocacy capability. We have these discussions all the time about going forward and how to get more money or to secure our future, but we always... we tend to neglect the nuts and bolts of actually making it happen. I saw a quote from an executive a couple of years ago. He was talking about vision and he said vision is fine, but vision without execution is hallucination, and that's why it's crucial that we have a strong political defense and offense. We need stations applying to APTS, we have about 84 percent of them, and we need to continue to enlist the support of our communities and our station boards to move this agenda forward.

So, in terms of our second chance, I think we have to do everything, those of us who believe in public service broadcasting. We have to do everything to seize the second chance. We have to understand and leverage the technology. We can't be afraid to be entrepreneurial. We have to play our spectrum cards well and we have to have a very effective political operation, both on the ground and at the grass-roots level. Thank you, very much.

KEY PUBLIC BROADCASTING ORGANIZATIONS

CORPORATION FOR PUBLIC BROADCASTING (CPB)

Congress created the CPB in 1967 as a private, non-profit organization that receives a yearly appropriation from the federal government.

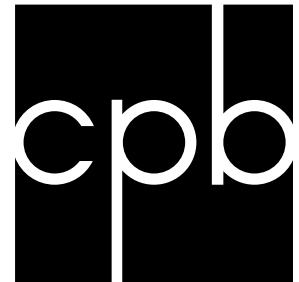
By law, 95% of appropriated funds directly support television and radio stations, programming, and improvements to the public broadcasting system.

The projected 2005 appropriation is \$390 million dollars. The projected 2006 appropriation is \$400 million dollars.

The CPB also funds educators, producers, and technology specialists that develop new public television and radio programming.

CPB funding helps 784 radio stations and 356 television stations to meet operating and programming costs.

“The mission of CPB is to facilitate the development of, and ensure universal access to, non-commercial high-quality programming and telecommunications services. It does this in conjunction with non-commercial educational telecommunications licensees across America. The Corporation serves as a catalyst for innovation in the public broadcasting industry, and acts as a guardian of the mission and purposes for which public broadcasting was established.”



PUBLIC BROADCASTING SERVICE (PBS)

Founded in 1969 pursuant to the Public Broadcasting Act of 1967, PBS is a private, non-profit media enterprise owned and operated by the nation's 349 public television stations.

Through the Corporation for Public Broadcasting, the federal government contributes approximately 15% of PBS's annual \$2 billion budget. Members, corporations, state and city governments, universities, and foundations contribute the majority of additional funding.

PBS does not produce programs. Rather, it oversees program acquisition from PBS stations and independent producers. PBS also oversees distribution and promotion of programming, educational services, new media ventures, fundraising support, engineering and technology development, and video marketing.

PBS captures approximately 2% of the television viewing audience (small by standards of broadcast television; more than twice that of cable networks Discovery and A&E.)



“Public television...strives for impact and measures its success by the extent of its ability to educate and inform, to enlighten and entertain. In short, public television strives to: challenge the American mind, inspire the American spirit, preserve the American memory.”



NATIONAL PUBLIC RADIO (NPR)

Incorporated in 1970 pursuant to the Public Broadcasting Act of 1967, NPR is a privately supported not-for-profit organization.

NPR supports its operations through membership dues, programming fees from stations, and contributions from foundations and corporations.

NPR is not a radio station in itself, but it produces, acquires, and distributes programming to member stations. It also represents those stations in matters of mutual interest.

1–2% of NPR's annual budget comes from competitive grants given to NPR by federally funded organizations, including the Corporation for Public Broadcasting. As of 2002, NPR's annual operating budget was approximately \$100 million a year.

Satellite distribution provides NPR programming to more than 750 member stations nationwide. Each station designs its own format by combining local programming with offerings from NPR.

In 2003, approximately 22 million people listened to NPR each week.

NPR's mission is to “work in partnership with its member stations to create a more informed public—one challenged and invigorated by a deeper understanding and appreciation of events, ideas, and cultures. To accomplish our mission, we produce, acquire, and distribute programming that meets the highest standards of public service in journalism and cultural expression; we represent our members in matters of their mutual interest; and we provide satellite interconnection for the entire public radio system.”

CULTURAL POLICY CENTER (CPC)
THE UNIVERSITY OF CHICAGO



FOUNDING VISION:

The Cultural Policy Center was established in 1999 to encourage substantive research in the cultural sector. The Center seeks to illuminate the workings of the cultural sector, both its effects on individuals and communities, and the social, political, and economic structures that shape it. We involve University of Chicago faculty, students, and collaborators by informing them of current cultural policy research, encouraging them to propose projects, locating funding for research and course development, engaging a diverse array of colleagues and practitioners to collaborate, and convening workshops and specialized conferences for public and scholarly exchange.

MISSION STATEMENT:

The Cultural Policy Center at The University of Chicago fosters research to inform public dialogue about the practical workings of culture in our lives. By serving as an incubator for new ways of thinking about, measuring, assessing, and evaluating cultural policy, the Center helps policymakers and arts professionals better understand how to foster cultural creativity, to stabilize cultural organizations and institutions, to increase public participation in cultural activities, and to preserve cultural heritage.

OBJECTIVES:

Our core organizational objectives are:

Sponsor training, research, public events, and publications that examine policy issues in the cultural sector.

Prepare students in public policy for careers in the cultural sector via academic courses, research projects, and internships.

Facilitate collaborative relationships between local, national and international partners, University of Chicago faculty, advanced students and practitioners from the cultural and philanthropic fields to address problems and issues facing the cultural sector.

Provide cultural administrators and policymakers with a range of academically informed and non-partisan policy recommendations.

