

The Future of Public Television
The Cultural Policy Center at The University of Chicago



**The Future of Public
Television**

Presented by:
Cultural Policy Center
The Harris School of Public Policy
The University of Chicago

Transcript
Day One, Session One:
The Future of Public Television, by
Pat Mitchell
December 2, 2004

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John Callaway It is now my privilege to introduce Pat Mitchell who was named President and Chief Executive Officer of the Public Broadcasting Service in March of 2000. Pat Mitchell brings to the post a broad and distinguished background as a journalist, network correspondent, award-winning producer, television executive and college-level educator. She is the first producer and first woman to lead the \$2-billion Public Service Broadcasting enterprise. In addition to her work at PBS, Ms. Mitchell is a member of the Council on Foreign Relations and the U.S.-Afghan Women's Council, as well as serving as a director of Knight-Ridder, Incorporated and Bank of America. She is on the boards of United Way-America, the Sundance Institute, is a founding member of Mikhail Gorbachev's Global Environmental Organization and is an advisor to the Center for Public Leadership at the Kennedy School at Harvard University. Would you please give a warm welcome to Pat Mitchell.

Pat Mitchell 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.

SLIDE: Man looking at Painting, upside down:

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.

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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, we are stronger than before, more essential than ever to 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, 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.

As the slide suggests, to 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

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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 have 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.

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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, 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 a 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 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.

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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

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Sesame Street welcomed America's children and their parents from the beginning of PBS, and they still do so today, along with the 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 we are a constant in the national program schedule for 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

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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, 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 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.

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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' 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 of a 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 the 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

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is important. We also aspire to make the great national archive of science, history, drama, documentary, news and public affairs and children's programming 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. 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 the 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

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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 who distribute books and run literacy workshops for parents and caregivers who would not have access to such training otherwise.

PBS' *Ready To Learn* service has helped nearly one million parents and

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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. 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.

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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 has said, "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, 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 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

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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 offering a 24 x 7 High Definition 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: 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.

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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, will 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 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 station's 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

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for cross promotion and membership messages on the new channel as well.

And to ensure protection of the PBS KIDS brand, which 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

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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, 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 by 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 other 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

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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 now in a new format and in the public television environment, offers 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.

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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

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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, forcing us 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.

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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 fund raising 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

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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' 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

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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 revenue.

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? Open and free media are 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.

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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.

John Callaway Well, Pat, thank you very much, for that most comprehensive address which contained exactly the kind of news that I was hoping that we would hear. It's the kind of news that you could actually plan a conference around. Thank you very much.

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