

**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  
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**Transcript**  
**Day One, Session Four:**  
**The Stations' View of the Future of**  
**Public Television, by John Lawson**  
**December 2, 2004**

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**John Callaway** Once again, thank you very much for being here. We are going to experience what I think is going to be a vital part of our program, as we hear from the stations differing viewpoints on the issues as we discuss the future of public television. We begin this afternoon with a speaker who is so busy morning, noon, and night working at the future of public television that it seems almost criminal to slow him down long enough to speak on the subject. He is John Lawson, who has served since 2001 as the President and CEO of the Association of Public Television Stations. He has been leading the way on the complex issues of digital conversion, the extension and expansion of public television's ready-to-learn and ready-to-teach programs, the use of DVD video casting for homeland security, and universal access to public television through all distribution technologies, which is a whole subject unto itself. I might add that John has been most helpful to us in the development of the station's part in this conference. After we hear from John, we will hear commentary on his faults (chuckles) from leaders of five public television stations and then I will lead them in a discussion of their perception and experiences and hopes for the future of public television. Would you now please give a warm welcome to John Lawson? (Applause)

**John Lawson** In other words, I'm from Washington and I'm here to help you. (Laughter) Seriously, it is great to be here with you. It is a real honor to be part of this important conference. We've talked about sticking points and crossroads today, how you \*\*\*\*\* a different \*\*\*\*\*.

In 1991, **Jeffrey Wore** wrote what is called *Crossing the Council*, 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

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comments today will address the question of the future of public television from a station's perspective, and that really has to begin with an examination of the digital technology.

#### **The Future of Public Television from a Station's Perspective**

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 21<sup>st</sup> 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

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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 DPB 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.

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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 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

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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. DPB 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:

- A. Provide an overview of public television in the United States.
- B. I want to share with you our view of federal funding trends, not only from traditional programs, but from some new targeted funding sources.
- C. We want to look at more DPB 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.
- D. 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

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level. As of November 19<sup>th</sup>, 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 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

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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

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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

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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 a 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

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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, we usually... 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

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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 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 FCCs 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

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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. 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 WETA's 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

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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

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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'll 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

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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**, 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 handle all the data off the \*\*\*\*\* drone. 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

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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

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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.

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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

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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

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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.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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

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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 TVs 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.

1. 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.

2. 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.

3. 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 Duet 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

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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.  
(Applause)

**John Callaway** Do they know what the spectrum is worth?

**John Lawson** They don't know what the spectrum is worth because they haven't developed the business plans to take advantage of it and they haven't done that because they don't think the broadcasters will ever get off of it.

**John Callaway** Really?

**John Lawson** Yes.

**John Callaway** Are they right?

**John Lawson** No, they are not right.

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**John Callaway**            That's what I thought.

**John Lawson**            I talked about a coalition. It's not just education. If the Intels of the world and the QualComms of the world want access to this spectrum, if public safety - the police and fire and the emergency officials-want access to this spectrum, they need to be part of this coalition, too. But in terms of valuation, it is all over the map. It is widely believed the cellular companies greatly overpaid for spectrum in Europe for 3G Cellular. Wall Street is very shy about that and not getting burned again. We just really don't know what the value of that spectrum is, and I also think these ideas of having a universal hard date, as they call it, to turn off every station, every analog station in America on the same day, is really short sighted.

**John Callaway**            You'd like the return of some of them earlier?

**John Lawson**            Yes, because you're going to have a spectrum flood if you do that. I mean... Senator McCain at the hearing I spoke at... I made the statement about creating an incentive for some broadcasters that are willing to turn in their analog earlier and let business get a sense of the way the technology is going to work and the market in terms of these new services using the TV band, and McCain asked every single panelist on either side of me if they thought, including the chief technology officer of Intel, if they thought it was a good idea to open up some markets first before you did the whole nation, and to a person they said yes. Berlin is the model. They switched off analog August a year ago and it's a great success story, but the point is, they didn't do Germany, they did Berlin. So, I think we have to be smart about how we talk about this return and we will know, we will get a much better sense of the spectrum value, but that's why we're saying it's risky. It's too risky to say that a trust fund is going to solve all of our financial problems because we don't know. Even if we get the trust, we just don't know how much money it's going to spin off.

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**John Callaway** Can you, without a uniform hard date to end the analog spectrum, can you talk about would it play out, gradually, say up to 2008-2009, or something like that?

**John Lawson** The FCC's Media Bureau has come up with a hard date of 2009, January 1, 2009. Senator McCain, in the Intel Bill, the Homeland Security Bill, there was a provision recommended by the 9/11 Commission that Congress act now to go ahead and clear channels 60-69, which has already been auctioned off to the wireless providers, for peanuts by the way, or assigned to public safety because they identified that public safety really does need more spectrum. But it really hasn't... we just really don't know what the value of that is going to be. But he went further. He said let's go ahead and put in a hard date to go ahead and turn off all analog by December 31, 2008. The NAB, in their General Grant-type frontal assaults that they do so well, got it killed 13:9 in the Senate Commerce Committee. This was a month ago. The politics are not right yet for a national hard date, but I think if you start talking about a market-based approach and voluntary early return for incentives, the government, and the industry, and public safety will start getting spectrum back earlier. I believe that.

**John Callaway** Just let me badger you for just one more minute for a paragraph on how must-carry would work. Somebody earlier today said want-to carry with respect to cable and digital channels for public television.

**John Lawson** Here's the deal. January 2001, on the last day of the chairmanship of the FCC of Bill Kennard, the FCC reached its notorious primary video decision. They basically interpreted the 1992 Cable Act, which applies to analog television. They decided how to carry that forward into the digital world and the question was 'will you require cable to carry all of these new multicast services like public television is planning to do, like four channels. And they said, no; split decision, cable only has to carry one. So, ever since then, we and the

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commercial broadcasters have been trying to get the Commission or Congress to impose multicast must carry on cable. The reality is that if the Commission believed that they could give it to public television only, we would have had it two years ago. They don't want to give it to the commercial broadcasters, and they don't believe that if they gave it to us only they would pass constitutional muster. They don't believe that it would survive a Supreme Court challenge based on the First Amendment rights of cable operators that, in effect, the government is picking and choosing speech. So, it's kind of a muddled situation.

**John Callaway** Is it a no win-no win at this point?

**John Lawson** I think a lot of people in the cable industry understand that a deal with public television makes a lot of sense, and it's never easy for public broadcasters to negotiate with cable because of our overlap situation. We can't just get one station carried. That would be easy. My job is to get every station carried, so we have to work out these intricate arrangements about duplication and overlap. That's really been the core of these discussions, but not only that. Even for a single station, cable doesn't want to see the same programming on each of their own multicast channels. So they're insisting on some limit about duplication and time shifting, even among a station's own line up. So, we have made a lot of progress.

**John Callaway** Do you have to do a certain dance with the commercial stations at the same time?

**John Lawson** Well, you know the commercial stations have something huge that we don't. Under the copyright laws they have retransmission consent. They can withhold their signals. They can withhold their best stuff. NBC says we will withhold *Friends*. You either pay us or you give us shelf space, which they got. They got the Bravo channel carried on every cable system. Unfortunately, under the copyright law, public television doesn't have retransmission consent.

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Cable has compulsory copyright. They can pluck any signal off the air for free for nothing that we put out there. So, the commercial guys are in a very different regulatory structure than we are, and I am confident they can fend for themselves.

**John Callaway** Thank you very much. The more extended biographical material on our panelists today is in your program. So, forgive me, I'm not going to tell your life story. (Laughter) I am going to give your station in our titles, and waggle a hand or jump up and down and scream, or something when I mention your name so people will know who you are: Joseph Bruns, Executive Vice President and COO of WETA in the Washington DC area; Sherri Hope Culver, General Manager of WYBE in the Philadelphia area; James Pagliarini, President and CEO of Twin Cities Public Television, St. Paul; Sandra Session-Robertson, General Manager of WCEU, Daytona Beach; and Dan Schmidt, President and CEO of Network Chicago, Window to the World Communications, which includes WTTW Channel 11 Chicago. Would you give a warm welcome, please, to our afternoon panel? (Applause)

What we found as we prepared for this conference is that there are all kinds of really interesting stories and things going on at the individual stations' level, and so that's what we're going to get into now. I remind us all again that we're running late, so I don't know how much time we'll have for questions, but let me begin Jim, with you at Twin Cities, and talk about what I hear is one of the most fascinating stories in public broadcasting: a thing you call the Minnesota Channel.

**James Pagliarini** Sure. I'll try to take a running start on this for you. We talked a lot about being at a crossroads, being at points of change, and recognized a few years ago... I went to the station in St. Paul about seven years ago. When I went there, there was a nightly news show that was being produced. It was watched with a great vision that Twin Cities Public Television

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would embed itself in the community and make itself indispensable through this local production effort. As time went on, what we saw happening was that nightly news show becoming more and more difficult to fund, to make it competitive, to break through the clutter and cacophony of what was happening in our media landscape in the Twin Cities and, also in my view, while there were some very passionate individuals within the community who were valuing that, I'm not sure that the investment of money that we were putting into the show was really returning the kind of investment that I would like to see in terms of local service.

**John Callaway** And was this operating money that you were putting in, with some underwriting?

**James Pagliarini** It was mostly operating money.

**John Callaway** In other words, what you got from pledge drives, etc., you were spending it on that?

**James Pagliarini** Correct.

**John Callaway** Very good.

**James Pagliarini** So we were... really the seeds for the Minnesota Channel, the Minnesota collaborative were gathered from a lot of sources. It actually went back long ago; Larry Grossman had an idea many years ago for a cable channel, a public TV cable channel called Horizon, which was to be the counterpart of C-Span, the intellectual and culture C-Span of a community. It also went to a lot of the work that was done in the *Digital Promise*. If you haven't had a chance to read the paper by Richard Somerset Ward in the *Digital Promise* book-it talks about public television emerging and evolving to be a public service media-you probably should because I think that is really talking and looking at the future of public television. So, 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. What they don't have is access to the power of television. So, we started to

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embrace a concept in which a big part of our future was to share that power of television with other mission-similar organizations as well as continuing the kind of production the station traditionally does. So we launched something called the Minnesota Collaborative, which is very much, I think, embedded in the concept of what Larry and Newt Minow talk about in the *Digital Promise*. It says we are opening our doors to other mission-similar organizations and we play a service role for them. We help them shape their content to reach a broader audience, that we help them achieve their mission. So just to give you a sense of just the kind of partners that we have had. We have had major foundations partner with us in producing programs about open space. We have had the Department of Health collaborate with us on projects relating to communicating and making programs in seven different languages for communities where English is not a first language. All told we have had, in the last 18 months, 65 community partners that have created about 90 hours of local programming that never would have been created in the community before if we hadn't opened our doors. Our role is the facilitator. We provide a producer if they need one. We assess whether television is the appropriate medium to use, and then we package and schedule these partner programs in what we are calling The Minnesota Channel Block of Programming. Right now this is broadcast on our analog channel, so we are testing these kinds of partner programs as a program service idea, as well.

**John Callaway** Does anybody watch this? Your regular channel is the very enviable Channel 2, now this is on Channel 17.

**James Pagliarini** Right, and implied in that is...

**John Callaway** If I'm in St. Paul, do I visit with Channel 17 often?

**James Pagliarini** You do, absolutely. Channel 17 reaches 85 percent of the households of Channel 2. Implied in that question is that a secondary station operates at a deficit in some

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way. Channel 17 is seen by almost as many people as Channel 2. It is programmed as aggressively, at least in prime time, as most of the channels, so it gets a good reach. The average households that are watching what is now a 12-hour block of programming a week of partnership shows is about 4000 households. The biggest show that we aired, in a partnership with a substance-abuse organization, had 30,000 households, which for us is about a 3 rating. But the main point for us is that it was not about audience. We want to reach the audience the partner wants to reach. We produced a program, a 6-hour block of program in the Mung language. If that reached 1000 new Mung immigrants in our community that were helped by that program, that was the standard of success. The standard of success was serving the needs of the partner, not using the old methods of television to gauge your success.

**John Callaway** I told you in a conversation earlier that I'd given a talk to the Commercial Club here in Chicago some time ago, in which I recommended that we create a channel for nonprofits, that instead of a foundation saying "well, we're only interested in a program on thus and such and if you're not interested in it we don't want to fund it", say your *Chicago Tonight* program, that we would create an entire channel for nonprofits, and if you wanted to make a fabulous 60-minute documentary, which would be your high-class equivalent of an infomercial, you'd have all kinds of wonderful producers proud to produce the McArthur Foundation documentary on whatever it was. It would be fabulous programming, etc. You've, in effect, taken that idea and you've run with it. Probably in smaller bits, but these people pay you to get on.

**James Pagliarini** Yes, they do.

**John Callaway** They call you and say "we're a wildlife organization. We haven't done very well in communicating our story. You give us professional advice, we pay you money. We get a nice piece on".

**James Pagliarini** Right. Yes is the answer to that. But to me, since we're talking about the

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future of public television, where I would push back on what you just said... You said, "The McArthur Foundation we would produce an infomercial for them." Let's say they care deeply about improving education. Let's say WTTW cares about it. Why is it an infomercial when the McArthur Foundation produces it and not an infomercial when WTTW produces it?

**John Callaway** The issue is editorial independence. The people sitting around the documentary or the *Chicago Tonight* unit at TTW, and Dick Salant resigned from the board, the former great president of CBS News resigned from the NPR board because he said he didn't want to have dedicated health programming, or whatever it was, from one sponsor. Let the editorial people decide when they want to do health. It may turn out that they want to do health just as much as such and such foundation does. And so, it may be that TTW wants to do exactly what the such and such foundation wants to do, but they want to do it on their terms instead of "well, they'll give us the money if we do a show on why we shouldn't have a casino".

**James Pagliarini** For me this shift is exactly at the core of sharing access to public television. The first comment is made is 'we don't have monopoly on doing good'. We don't have a monopoly on good judgment, that I think that a partner like The University of Chicago, the McArthur Foundation, McKnight Foundation, or the Department of Health in Minnesota are doing equal good in the community, and you can't set up a model for them to have access and still maintain editorial control and integrity in the process.

**John Callaway** What kind of money do bring in from this at this point?

**James Pagliarini** The funding model on this sort of follows this line of reasoning which basically says that if you define the public sector as state and local government, universities, nonprofit organizations I would venture to guess that the Twin Cities, that community or that market is probably spending \$10

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million or more in trying to communicate their message and what they're trying to achieve outside of the four walls of their institution. So, the Minnesota Collaborative says that we will also collaborate in the financing of the programming. The direct answer is that in the coming fiscal year we will probably earn about \$1.3 million in working with these partners to create more local programming than Twin Cities public television has ever produced in its history.

**John Callaway** And then you're putting in several hundred thousand dollars on the other side of that.

**James Pagliarini** we provide support out of our operating budget now to the tune of about \$500,000-\$600,000 to support the effort, as well.

**John Callaway** All right, now with the benefit of hind sight and to answer a really constitutionally fundamental question, are you doing this at the expense of say, not just your nightly program, having been involved in a nightly program for a long time I can understand why one might not want to do it, it's a tough piece of business and Dan will talk about that in a minute, but are you doing it at the expense...? Do you have producers in your station who are saying, "You know this is all good, and I love giving a 15-minute thing for the wildlife folks and the clean air folks and so on and so forth, but darn I wish I could have had that money for a documentary"?

**James Pagliarini** Again, I would dissect the framing of the question.

**John Callaway** Please.

**James Pagliarini** Saying we're doing it at the expense, presumes that our own independently produced programs are of greater value to the community. A different way to say it is if you had finite dollars to spend, where would you put it to the greater good of the community? I'm not sure what the answer to that is.

**John Callaway** So, it's not an easy answer?

**James Pagliarini** It's not an easy answer at all, but there are producers now who have met

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with some reluctance and some push back at the station because we are a very heavily public affairs and news-centered operation, in terms of local production. But I think that they have learned that these two models can co-exist within an institution. You still can maintain the kind of independent editorial production which we do, which TPT does and brands at TPT, but you could also take your skill and your core asset and share that skill and experience with others to create programs and make very clear who is doing what and disclosing what the relationships are and so forth.

**John Callaway** I have to admit to you on this, and Dan Schmidt forgive me, this is a kind of inside story-this lame attempt-although maybe a prophetic attempt-at stand-up comedy in the old days of *Chicago Tonight*. We used to say we knew what a struggle it was for the station to try and finance *Chicago Tonight*. We'd get some underwriting. You put your pledge dollars, your operating funds into it. We said, we know what we ought to do, we ought to charge people to come on *Chicago Tonight*. If the mayor wants to come in, you gotta pay 500 bucks. That's how we'll raise money." It's not so funny. It's not a joke, interesting. Sherri Culver, a really interesting story. You're a public television station, WYBE in Philadelphia, but you don't subscribe to PBS and you don't carry PBS programming. What's the story? What's your thinking?

**Sherri Hope Culver** Well, we were a PBS affiliate at one time. We were a member of PBS at the smallest percentage allowed by PBS, and this was in the late 90s, mid-to-late 90s, and PBS was re-evaluating membership and wanted to encourage stations to become members at higher levels. They were going to raise that minimum, and we couldn't afford it. It happens that at the time I was on the board of WYBE, and as I was coming on to be general manager the first thing I thought was that we're going to rejoin PBS. We have to be a member of PBS, but once I got into the station and really looked more broadly at the

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community, the community's needs, and how we could be of greatest service to the community, just having another PBS affiliate in the market did not seem to be the best way to do that.

**John Callaway** And you had come out of the New Jersey State system, right?

**Sherri Hope Culver** I worked for New Jersey Network. And so we re-examined the mission of the station and really looked at the notion of serving underserved communities, which for us was part of the actual incorporating bylaws of the station, and we looked at what that really meant and decided that there were better ways for us to serve the community, and we would look at those ways. We really started to concentrate on serving minority communities, the gay and lesbian community in ways that would not only speak to that individual community, but would increase understanding and create bridges across those communities. We began to air programs that were in some cases very specific. We have programs for... I mean I could just reel off a bunch of them. We have programs for the Ukrainian community, Armenian community, Greek, German, Irish, African American, Latino, South Asian, Japanese, Chinese, and I could keep going.

**John Callaway** Is this mostly acquired?

**Sherri Hope Culver** It's a combination of acquired and locally produced, and what we've done is connected with someone. In the cases where it's successful it's because we've connected with that local community and, in most cases, a particular person in that local community who is interested in working with us to spearhead that effort to make it possible for us to connect to that country and be able to get programming from that country and connect with the local community. 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. 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

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to talk about, and that's the same with every single one of these communities or any minority that you would name.

**John Callaway** You established the World Heritage Council Initiative. Tell us about that.

**Sherri Hope Culver** The idea was we can't sit in our offices and talk about what the community needs and make those decisions ourselves. We need to figure out a way to really systematize this communication with all of these individual communities and how we will do that. We had a Community Advisory Board and it was very diverse, but it wasn't enough because we would have this diverse group of people in a room and we couldn't really get at what is it that the local Latino community really wants. We need to have a conversation with just the group of people and community leaders from the Latino community. So, we created the World Heritage Council. It's 12 individual ethnic councils that commit. People who join it commit to joining WYBE at couple of meetings a year.

**John Callaway** How were they selected?

**Sherri Hope Culver** Self select.

**John Callaway** How do you go about that? I mean, you're sitting in the office one Wednesday afternoon, and you've got a thus and such ethnic population, and you're not going to presume to have the knowledge to say, "Oh, I know the following eight people that ought to be on that council." How did you, what did you do in order to really relate to that community so that you found out who the eight are?

**Sherri Hope Culver** I wouldn't presume to actually know who the eight are. What we attempted to do was to put the word out. You have to remember that we had had some history with each of these communities, so we were able to say, okay, the South Asian Indian community, we know that there is a council of Indian organizations and we know that there is a local restaurant and a cleaners that is owned by an Indian gentleman, and we know a couple of these places, a handful of these places. We're going to start to put the word out that we're going to

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create this World Heritage Council and we want you to come to the table for a meeting.

**John Callaway** Did you do it through community newspapers?

**Sherri Hope Culver** No. We put things on air. We put things on our website, and I would say it's still in the early stages. It's been a few years now, and it was really met with a great deal of trepidation from the people within the community who said, "Well, what is this going to be?" And we would say, "Well, what do you want it to be?" And they would just look at us blankly, and we said, "Well, just come to the meeting. If there is something you want to talk about, we will put that on the agenda." And you know, you really just have to log face time. You've got to log time with people.

**John Callaway** Are you seldom to be seen in your office?

**Sherri Hope Culver** I'm not the only one working on the project.

**John Callaway** I know, but I'm just saying. I know there have been sales organizations where the boss walked in and says I don't want to see anybody behind a desk. I want you out selling. Is that kind of the way it is in your shop? Are people out there?

**Sherri Hope Culver** They are either out there or they are meeting with them in our offices, but I don't think that's necessarily unique to WYBE, as far as meeting with the community. I think if you ask the group here, you'll find that's probably true across the board. It's who we're meeting with. We're choosing to meet, in particular, with minority organizations and minority communities and individuals. That may not be, specifically, what the mission is for each of the stations. We're trying to really create a niche for ourselves that not only could be helpful to the Philadelphia market, so that there is really a broader array of opportunities for public broadcasting, but perhaps an opportunity to shape something that would be of use for other public television stations across the country.

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**John Callaway** And when you would listen to them, would they say, "You know what you ought to do, you ought to acquire programming from the thus and such Korean network, etc., in a language that we can understand and put that on at some time?" Would they give you specific stuff like that?

**Sherri Hope Culver** They will tell me to call Fred down the street and talk to him and negotiate. Yes, they will say any number of things. It could range from, you know, 'I have a specific connection in our country'. Many of these people either have families still in a foreign country or they themselves grew up there and had businesses there and then came here. They have very strong connections and they are not... You know, one of the things that we have found is that the viewpoint... Let me take a step back and say that the people who work at WYBE and I, myself, have learned a great deal about what it means to listen to people in the community more than I ever thought I would understand in the job that I have. One of the things is that, you know, as Jim said, you don't know it all. There is no way that you can be the one to be the arbiter of all those decisions. You have to meet with folks and somehow communicate that you are sincere about this and, over time, they will begin to come to the table. It takes time. So they bring different ideas to the table, some of which work, many of which don't. Sometimes it requires a lot of funding and we have to explain 'well we can do this, but in order to do this piece, they have to raise money to do that'.

**John Callaway** Speak to the funding. How are you funded? Give us an example of what your budget is and how much you have in government funding and other sources.

**Sherri Hope Culver** Not enough. The budget of the station is just under \$3 million. We are funded in exactly the same pie chart of places as are all of the public TV stations. We receive funding through the Corporation for Public Broadcasting. We are fortunate enough in

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Pennsylvania to have good state support. So it's state funding, foundations, corporations, and individuals. The biggest difference for WYBE is that as a young station and as a station with a very different mission, our pie chart is slanted much more toward government funding and much less toward individual giving than I think other stations are.

**John Callaway** Tell me about how many hours of local programming would we see? How many hours a day are you on?

**Sherri Hope Culver** 24 hours.

**John Callaway** How many hours a day of local programming would we see?

**Sherri Hope Culver** It depends what day it is. We have on average at least one hour a day that's local. Saturdays and Sundays are where the bulk of these ethnic programs are on, and so on those days it could be as much as 12 hours on a particular day; six hours I think on Saturday, closer to 12 hours on Sunday.

**John Callaway** How many local producers do you have?

**Sherri Hope Culver** The producers that produce the ethnic programs don't technically work for WYBE, so I wouldn't count them as employees of the station. We only have two producers on staff and they produce...

**John Callaway** How many solid freelance relationships do you have?

**Sherri Hope Culver** I would say about 10-15.

**John Callaway** What would you say to the person who says that what you have just described is absolutely the ideal, if we're talking about the future of public television or the present or maybe even the past, but what you've just described is a kind of magnificent ideal that has been achieved? But for many of the stations that are up and running with all of the work that they do and the producers who have been around, who know a lot themselves, have hundreds of contacts and so on and so forth, all kinds of experience, would say to you 'with all due respect', and we try to do as much listening as we can, 'as professionals producers and editors we just don't

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have enough time to do that. We can't be out in the community doing all of those meetings and at the same time get out with our camera crews, do our daily reports, etc., etc.'.

**Sherri Hope Culver** Well, I don't think there is necessarily one answer, one universal answer. So, I don't know that people should be hearing what works for WYBE in the Philadelphia community and thinking that that's the be all, end all across the country. One of the recurring themes we have heard today is about serving your local community and what is right for your local community. Now, I think there are, you know, as Jim stated with the Minnesota channel and other stations all across the country that are serving minority communities, they are out there in greater force than we may be serving them right now. So, there is definitely room for there to be more, but it's a decision for us that was borne out of necessity. 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. These programs are great. I love them. What else can we do?

**John Callaway** Are there nights when you look at something, when you look at a *Frontline* documentary or something like that and say, 'I don't want to be a PBS station per se, I don't want to pay all those annual dues. I don't want to run their prime-time schedule, I don't want to run their off prime-time schedule, but I sure would like to buy that *Frontline* on credit cards tonight'?

**Sherri Hope Culver** Yes, and in fact one of the struggles right now is that, I think, PBS is producing, or the stations are working with PBS and producing programs that are responding to more of the needs of our diverse communities and when those programs come down the pike, I can't get them and that's frustrating. Now, I don't want to leave you with the impression that we wouldn't want to be a PBS affiliate. That is the right choice for us right now because of the way that PBS is set up and membership in PBS is set up; this is the best way for us to have a unique

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service. That doesn't mean that it would be inappropriate for YBE, at some point, to be affiliated with PBS.

**John Callaway** And one should make it clear, if one has read your writings, that you are extremely positive about a lot of PBS programming.

Joe Bruns, I've been thinking a lot about you, recently. (Laughter) And I've been thinking about your station for a long time, and I have been thinking what a really interesting challenge it is to be in the Washington DC area and to try to serve the inner city of Washington DC and at the same time that extraordinary ring of suburbs with all of its complexity, and then you have the federal community, which is a part of all. You know, the people live in the city, they work on the Hill, they are out in the 'burbs, etc. You've got all that and then you have, and tell me is this is a miss-premise, you have the presumption that 'well if you're WETA, you certainly are going to have a national program responsibility, given where you are, whether you want it or not'. How do you balance that?

**Joe Bruns** Well, that's a pretty good question. A couple of years ago we went through a strategic planning process and discovered, of ourselves, that the international producer is in our DNA. We identify ourselves in WETA as being a national producer. It means how we view ourselves is one of the foundations around which we are built. At the same time, we are a community licensee in the Washington DC area and have that responsibility as well. The problem is, as everyone here at the table would say, is a matter of making certain choices about how you allocate resources. In our national productions schedule in our portfolio, we subsidize national underwriting with a couple of exceptions. I make an exception for Ken Burns and I make an exception for *News Hour*, both by virtue of being very large budgets for both of those, but with the exception of those two series, we subsidize

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our national production schedule to the tune of about 20 percent.

**John Callaway** But you wouldn't include Tucker Carlson in that would you?

**Joe Bruns** I would, indeed. We absolutely do.

**John Callaway** That's not totally CPB funded?

**Joe Bruns** Absolutely not. What I'm saying is that over and above what we get from corporate underwriting, funds from foundations, which is significant, from PBS and from CPB, we underwrite programs we produce on a national schedule, including *Tucker Carlson* and *Washington Week*, including Fourth of July and Memorial Day concerts, and performances at the White House, and so on and so forth, to the tune of about 20 percent a year. That 20 percent a year comes out of our operating revenues. That means 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 and, frankly, I'm often envious. Not often, I'm always envious when I hear of sometimes really very small stations, small local stations, and state networks that really can do programs that are specifically focused on their specific agendas.

**John Callaway** Do you have community activists then that show up and say 'well, with all due respect to *Washington Week in Review* and all that stuff, what about us'?

**Joe Bruns** Yes, we do, and we can rationalize that a couple of different ways. First of all, we are an overlap station with WAQT and what's ironic about the definitions in public broadcasting, they are the station that is, technically, our overlap station. We have no issues, no difficult issues, with WAQT. I don't know if Jennifer Lawson is here or not, but WAQT is a wonderful local station affiliated with Howard University and in Washington DC they are a PBD station, which means they are members of PBS and they run part of the PBS schedule on a delayed basis. They do a lot of local programming and we do try to expand ways to work

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cooperatively. We are not, technically, an overlap station with Maryland Public Television, although it is Maryland Public Television with whom we have very significant issues, meaning we run the same programs at the same time, you know, on the same cable with the same audience. It seems like a terrible waste of resources to me.

**John Callaway** It drives both of you crazy.

**Joe Bruns** It drives both of us crazy, but that's sort of the way it is. The other thing is that, frankly, one of the ways we rationalize it, and I think it bears a certain amount of logical scrutiny you know. We are in the nation's capitol. We are the producing station of *News Hour* and *Washington Week* for our audience. It is a company town and government is still the business of Washington, government and related industries. Our community finds those stations to be extremely valuable to them in a very sort of local sense. What we are not able to do and, again, I know it is sort of unfortunate, is really devote those resources to getting out and doing the kind of specific community programming, for instance, that other public stations are able to do. That's a choice that we've made about how to use our resources. There are other people in the Washington DC area. There is, of course, WAQT. There is also Maryland Public Television, which does more local, mostly Maryland related, programming than we do, but if you have cable in Washington DC you have three PBS-affiliated channels on your cable network, on your cable schedule, and a couple of other noncommercial stations, as well.

**John Callaway** Joe, in looking to the future, if there were any way that you could restructure public broadcasting, what would it be?

**Joe Bruns** Well, that's sort of what this conference is all about. I mean it struck me this morning. The title of the conference is *The Future of Public Broadcasting* and the point was made that we were at a crossroads, and what struck my mind when I heard that was that great American philosopher, Yogi Berra, whom I am sure

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you all remember said, "When you reach a fork in the road, take it." I think that part of the problem right here is that we are at a crossroads, we are at a fork in the road, and we can't quite decide in a unified fashion, what direction we want to take. Right now, for example, I'm going to be a little critical here but in a very constructive way, we have very limited resources for national production and yet, we have CPB with its *Crossroads* project pursuing its agenda about what issues to bring to the national schedule, and we have PBS with its limited resources, and its ideas, and its agenda about what to bring to the national schedule and funding its programs. And it doesn't strike me, maybe we're too close to CPB and PBS, but it doesn't strike me as those who really coordinate in any sort of strategic fashion and we really have a procured sense about what we're bringing on a national schedule, the national program schedule, what direction we're going in, what our schedule should look like two, three, five years from now. So I think that's one area that I would like to see have some attention. The other, obviously, is finding problems. We're pedaling and I know every station up here and every station out there, and we're pedaling as hard as we can to just sort of make ends meet. This is a situation where we are all sort of worried about our cash flow, rightly worried about our cash flow. We sort of joke around the station and it's only partially a joke, we're only one bad pledge drive away from destitution. It's not quite that bad at WETA, but I know it is bad at some of the other stations. The whole business model for public broadcasting needs to be re-examined. We need to not just look at ways of optimizing our current fundraising practices, although we have to do that, but we have to find ways to raise additional resources to bring to the American public the kind of relevant programming which will attract everything else. We have the audience out there that is interested in, and tunes into, and demands public broadcasting, and so a lot of political problems

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go away. That's a matter of not just additional funding, but making sure that the resources that you do have available, particularly at CPB and PBS, are focused in a way so that we get the best bang for the buck in terms of dollars. So, I think those are the really two very exciting areas that I want to see us focused on if we are going to have a successful future in public broadcasting.

**John Callaway** Sandra Session-Robertson, General Manager WCEU, Daytona Beach. I had urged the University to hold the conference there, but they wouldn't let me, so we're grateful to you for coming up to this rather cold climate.

**Sandra Session-Robertson** 76-77 degrees there right now.

**John Callaway** Thank you very much.

My question to you is, first of all, tell us about your mission, about your association with the community college and give us a little context on that in the history of public broadcasting, and then we will take you forward in terms of what you want to say.

**Sandra Session-Robertson** WCEU I would consider a young station, too. We're 15 years old and we are licensed to the Community College in Daytona Beach. We cover Belusha and Flagler County by definition of the community college's service district, but we also cover two other major counties, Orange, which Orlando is the base of, and Seminole County, thereby making us an overlap of two other public television stations, WMFE-Orlando, and WBCC which is also licensed to a community college.

**John Callaway** And we call this Central Florida, right?

**Sandra Session-Robertson** Yes. Yes this is Central Florida market, DMA size #20. I think one of the interesting things is that in our operation there was a desire to have a public television station in the Belusha and Flagler communities, primarily because they were always sort of disengaged from the Orange County/Seminole County coverage. The majors tend

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to go toward the news there, so the president who conceived this said, "I want to be sure that there is a base of representation." I think that's one of the beautiful things about Florida: is the fact that it is incredibly decentralized. It's one of the few southern states that is not a state network, and if you look at the state you kind of understand why. I mean, every portion of it has a different audience and has different constituents, even geographically our climate is very different. I say that to say I think there is a lot of value in having a decentralized multiplicity of stations if what they are doing is truly serving different interests. We place our primary focus on education in that we are licensed to a community college. We say education is our bottom line and the nice thing about having a community college is that it's mission is universal. We have so much in common. It's all about access. It's all about inclusion, not exclusion, and so the lifelong learner is well placed in a community college and thus, PBS programming is appropriate there, as well.

**John Callaway** Is there a lot of kind of classroom, lifelong learning kind of programming?

**Sandra Session-Robertson** We broadcast 20 hours of formal college credit telecourse instruction programming per week. Then we do what is called "self-improvement" for the general audience, in the middle of the day and that is intended to add to the market what Channel 24 is already doing with children's programming. So there again, in our mind, the taxpayer is not seeing a duplication of effort. It is complementing that which is already out there. In our primetime is a lot of local programming, but it is also a lot of the NPS schedule. We are a PBS member at the 25 percent level, and we offer a lot of PBS programming at differentiated times than is offered on what we consider the primary station, WMFE.

**John Callaway** Well, I thought about your station. I thought 'well, it's kind of a throwback to the old days'. I remember when I first came to WTTW many, many years ago, it was

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associated with community college learning, and that's what we called educational television. Then that was thought to not be hip, you know, and so on and so forth, so we got that. And yet today, when you think about these digital channels, the whole notion of education (you saw John's presentation); the whole notion of lifelong learning is hot.

**Sandra Session-Robertson** Well, we're really excited about it. I mean, everything we hear about the higher ed coalition and the workforce skills, we're a member of that. We're in an area where 40 percent of the community college's FTE comes from workforce adult basic students. And so we are sitting down with a 35-member committee of the community college right now and talking about what is the DBCC learning channel going to look like and what will it be? A composite of formal programs, probably, but DBCC also desires strongly to tap into that very narrow Belusha and Flagler area, which we can do on that channel and, as Jim alluded to, still serve the bigger Central Florida region, which needs some identity and positioning on perhaps the other channels. We're really thrilled about this notion. The challenge is bridging the gap. I mean, we spent a year with academia and broadcasters just understanding each other's language, and now we have to explore and be willing to brainstorm about what opportunities are out there. We are talking about teacher certification opportunities. We're talking about programming that's offered as training models for daycare training. The State of Florida just passed by constitutional amendment, actually four years ago and now it has to be funded, this universal Pre-K initiative. And so there are legislators saying "well, how can we use this wonderful enterprise of public television to perhaps help create a more efficient model for serving those kinds of certification needs"?

**John Callaway** As you look to the future, are there structural financial issues or power distribution/power relationship issues you want us to think about?

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**Sandra Session-Robertson** In general or specific to...?

**John Callaway** No, from your perspective, are you sitting down there in your office saying this system is screwed up? I could be doing, we could be doing a much better job, etc., like, frankly, many of your colleagues here at the table are probably saying? (Laughter)

**Sandra Session-Robertson** See, that depends on the day. (Laughter)

**John Callaway** Well, give me an example.

**Sandra Session-Robertson** No, I mean, that really does... I think we all sort of think that from time to time, but I'll speak to it nationally and then I'll speak to it specifically. Someone said, I think it was Kathleen earlier who said she wouldn't be here if she didn't believe in it. I wouldn't either. I mean, to me we have the best job and the best opportunity to use this wonderful broadcast educational medium to do great things, and all of our headaches are for deliberate reasons, even though they make us all scratch our heads at times, and that is the fact that we chose to be different than what was already out there. So, I think it's wonderful that we have a lobbying body, and I think that CPB and what it does it great, and PBS and the programs it brings to the table are great. To me, it's kind of funny if we complain of overlap stations and we don't complain about all this media control that's going on in the same market. I mean, if you've got three public television stations and, hopefully, they're not doing the exact programming and the exact initiatives, then the community in my opinion is better off for that. Are there structural problems? Sure, when you've got that many organizations involved you're going to have a lot of chiefs at the table, but I don't believe it's beyond our ability to bring those people together. In our situation we struggle with what programming do we do for the education, formal education side, and yet maintain what is our bottom line, which is television. I mean at the end of the day people are turning on and what

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we've got to have is something to stop them, and that isn't always necessarily a formal instruction program.

**John Callaway** And you do a pretty significant amount of local programming, right?

**Sandra Session-Robertson** For a station our size, I would suggest we do.

**John Callaway** What's your budget?

**Sandra Session-Robertson** \$2.1 million cash budget, but it is significant that we have indirect support from the community college where we are based, which is another \$800,000 I would say. And so, even there, there are challenges because even in education they are looking at bang for the buck and so, regularly, I have to campaign on campus about educating folks about where our sources of revenue come from and our return value to this organization, even though I think in principle they all agree that this is a great thing to have. Not every community has a public television station licensed particularly to a community college, and, again, what is a better association from the standpoint of trying to provide access.

**John Callaway** Now we come to that part of the program where... You know, in certain articles you would read where somebody would be going along and they would say, the author would say, if they're doing an article on the grapefruit industry, 'full disclosure, my wife is the general secretary of the Grapefruit Growers of America' etc., so you will know. I retired from WTTW five years ago as a full-time employee, but I still receive compensation from WTTW as the host and senior editor on a freelance basis of the series called *Chicago Stories*. So, I wanted to make that clear before I talked with Dan Schmidt. I've wanted to do this for a long time.

Dan, I presume that if we would have had this conversation five years ago, that you might have been sitting there saying 'well you want to look to the future of public television, particularly given, Mr. Moderator, your emphasis today, you keep picking away at local programming'; 'that I would tell you that

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strong local programming is certainly good and that you need multiple platforms, you can't just be a television station. If you've got a radio station you've got to work it in, etc., etc., and we've chosen to call it *Network Chicago* and that's our approach and there's a good bit of that going on in the industry at this time'. Now we take you back through the ensuing years and we hit you with everything from 9/11 to the dot-com implosion, to the advertising depression, etc., etc., and we find that media buyers really aren't interested. Our 22-year-old media buyers really aren't all that interested in cross-platform buying, etc., etc. So, while it may make all the sense in the world to have a print publication, whether yours was successful or not, and a radio station and a television station, and an event unit and so on and so forth, that you and not you alone, got hit with what we call the financial perfect storm. But my question to you is, given all of that and given all of the criticism that you've been given for that and so on and so forth, would it be fair to say that those are precisely the things that we should be talking about for the future of public television, not withstanding that you had some rough years?

**Dan Schmidt** I would say that's fair.

**John Callaway** Thank you, Dan. That's all I had. No, but speak. You may have worked against your branding of 11 say, and WFMT, by going with something like *Network Chicago*. But that doesn't mean that you don't need multiple platforms moving forward.

**Dan Schmidt** The fact is that if you look at every media strategy out there now, it is based mostly on content, not on owning the pipeline, unless you're a Comcast or unless you're Direct TV. Right now, the future of all media is to be platform agnostic. I mean, Bob Wright at NBC says the same thing. He said it in a *Forbes'* article just a month ago. And you know, if you look at the crystal ball today, the notion we have heard from John and from several other people earlier today about the impact of technology, and you know we can talk about how

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many bits and bytes there are and all of that, but I think that the most important thing is that all of this technology translates into unprecedented control on the part of the viewer or the consumer. I don't like to use the word consumer, but we haven't invented a better word, yet; a constituent, perhaps, for your services. Within the next two years Forrester Research says that 50 percent of American households will have powerful access to video on demand. Perhaps a few more households than 50 percent will have what we call a PBR, a TiVo-like device, which is a computer and a hard drive which gives them the ability to... Well, let's use a nonpublic television example. They can watch *Monday Night Football* on Thursday night or *Everybody Loves Raymond* whenever, you know. But of course that means they can also watch *The News Hour*. They can watch anything that we do on public television anytime they want, when and where and how they want to watch it. So, that's going to cause us to have to really re-examine the notion of prime-time scheduling. I believe that the concept of prime-time linear programming appointment viewing is really endangered with this new technology.

**John Callaway** This is a new context.

**Dan Schmidt** Absolutely, we're going to have to be more than traditional television stations that control a piece of spectrum out there and have programmers who decide in a linear fashion what people are going to be able to watch. Like it or not, that world is just about over and you know we're going to be in a situation where if we don't have content that is unique and valuable to the community, they are going to be able to bypass you.

**John Callaway** So that brings us to local programming.

**Dan Schmidt** Well, exactly.

**John Callaway** But let me interrupt with a question and that is, one of the things when you hear Jim talking about bringing down the nightly in Minnesota and you know that nightly has been brought down in many... Boston has done away

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with it, etc., and some stations that you might hope would have started it, never started it. There are only, I think, 14-15 stations in the system to try anything like it. So you've got the *Chicago Tonight* program. You have an unending list of programs from *Art Beat Chicago* to *Week in Review*. You've got *Arts Across Illinois*, you've got *Candidate Free Time*. You've got *Chicago Matters*. I mean, we don't have enough time to go through the entire list of all this local programming, but my question is how can you do that when it's so expensive, when it would be so much cheaper to acquire some programming? Tell us the story of why you think this pays off? Are you nuts?

**Dan Schmidt**                    Maybe. I think that it fits with the notion though that the future of public television is really rooted in localism. It's really rooted in bonding with the community, with original programming. And then if you overlay the technological changes that are facing us, gone are the days when a public television station could have the satellite dish, the studio to do the pledge drives, the sales staff to go out and find underwriting to help support the PBS dues that bring in the programs that come in off that satellite, and then do very little else. Just being the place where you can get that content off of a satellite and get it 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. And yes, we have to be prepared to think of this content as something broader than a traditional television broadcast. It has to have applicability on the web. It has to have some ability to translate into those events or to opportunities for our engaged constituents to actually act upon the information they receive.

**John Callaway**                So when you hear your colleague in Minnesota talk about partnering, does that strike a bell with you?

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**Dan Schmidt**                    Absolutely, and I was sitting here just making a little list of the partners that we already have and this is another key thing. We can't just do it alone anymore. We can't sit in our conference rooms and decide what people should be viewing or should have access to. So that's why we work with the *Chicago Defender* and the Chicago Historical Society and the Field Museum and the Chicago Public Schools, the public library system, the Mexican Fine Arts Museum, the DuSable, Dance Africa, Hubbard Street Dance. I mean it just goes on and on and on. And so from the standpoint of presenting and providing access to the cultural and intellectual life of this community, we have to engage partners to do this, aggressively.

**John Callaway**                Dan, speak to the issue, if you would, and again looking forward to the future of public television, speak to the issue of your view of the relationship, the power relationship between PBS and the stations. Do you like the way of it? Are you happy with this marriage? I'm playing Dr. Phil now.

**Dan Schmidt**                    Well, let me echo what has been said all day. I believe PBS and public television is more essential than ever. You know, if my friend Newt Minow were still here, and he may be just not in the chair he was in a few minutes ago, but I think it's fair to say that the vast wasteland is even more vast back when that phrase was coined, and despite the myriad choices that are out there, the need for what public television provides is ever greater. You know with that said, I think that we have some structural issues in public television that have provided some obstacles.

**John Callaway**                Such as?

**Dan Schmidt**                    Well, I think that we've all agreed here that in the age of big media consolidation, one of the things that differentiates us and gives us power, if you will, to use that word, is the fact that we are the last locally independently owned media outlets in our communities. And, you know, there is a constant struggle between maintaining enough

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resources to do what you need to do to connect and serve your local community and still pay for those PBS dues that just continue to go up year after year after year. The costs go up much faster. Well, they're going up and the revenues are going down in many cases. I guess that I think that one of the key things that we need to do with respect to PBS or with respect to our local-national program aggregate, is do a better job with the local-national model. We've talked about that during the past few hours and I know that tomorrow there will be some discussion about how maybe we can learn from public radio, because I happen to be someone who came out of public radio and I really... One of the things that astonished me, quite frankly, over the years, first as a viewer and now as someone who is managing public television outlet, was that we really have not developed the kind of vehicle that allows a station of limited means to localize, to put a local element into a terrific national program. I'm speaking of "All Things Considered," and "Morning Edition." If you're the station in Duluth, Minnesota and you have limited means, you can still provide meaningful high-quality local inserts into that program and provide a complete service to your community. One of the things that we're fortunate to have here in Chicago, that we do fortunately have the resources to create, is a vehicle like *Chicago Tonight* that gives us the ability to be the collective living room and dining room of Chicago; to be the place where people can connect with the world of Chicago, where we can cover not only the top story of the day as seen by our editorial staff and then have an in-depth analysis of that, but we can also go into the neighborhoods and we can explore the cultural life of our community. And we can, oh yes, once in awhile, because our viewers have told us that they want us to tell them about some new things that they could do and experience in the community, go out and put their hands on it. So, that actually does include, yes, Hattie Weis talking about the latest theater that's out there

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or a movie review or, yes, even a restaurant review from time to time. I maintain that that's one of the reasons why public radio has been so successful, because they have a format that allows not only hard hitting deep news analysis of important international and national events, but then the vehicle is there for the local stations, even with minimal means, to do the same thing with local issues as well as the softer side of that format which includes popular culture and the cultural life of our society.

**John Callaway** My last question deals with the... I'd like to commission a documentary on why it is that you can do what you're doing and other stations feel like they can't do that burden of local programming. Two parts to this question: one is the kind of liberalization of enhanced underwriting helping you finance that because I know that, otherwise, if you don't get underwriting you use your subscriber dollars, your operating funds to fund that and; two, when it comes to partnering, maybe it's with a foundation that says 'yes, we want to do programming, but we'll decide the subject and if you want our cooperation you'll do what we want'. How do you maintain editorial standards and a firewall and, at the same time, have effective funding from foundations and effective help from partnering without compromising the firewall? How are you doing on underwriting and then the firewall issue?

**Dan Schmidt** Well, underwriting took a huge, huge hit right after 9/11, as I'm sure everybody in this room knows. There was an unbelievable, unprecedented advertising recession that hit all advertiser-supported media, and we're not advertiser supported. I mean, if you look at what is spent on electronic advertising in Chicago, it was about \$1.4 billion just before 9/11. And for the first time in 40 years after that, there was a double-digit decline; it had been steadily growing up to that point. We haven't recovered to that point yet, but in this market, there is still \$1.4 billion, and to put what we get in perspective, for all of the

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enhanced underwriting that we have, it's about \$6 million.

**John Callaway** Out of \$1.4 billion.

**Dan Schmidt** Out of \$1.4 billion. So, it's a teeny tiny...

**John Callaway** So, when we accuse you of being under the corporate control, we have to keep that in mind.

**Dan Schmidt** Yes, I would ask you to keep that in mind.

**John Callaway** I mean, you get hit with community... all of public television gets hit with 'well, you guys are under the control of corporations'. And you're saying out of your \$37 million budget you get about \$6 million. Okay.

**Dan Schmidt** And that includes production underwriting and just the time-of-day underwriting like 'tonight's programming is made possible in part by' kind of underwriting.

**John Callaway** What about the firewall issue?

**Dan Schmidt** The Firewall issue is, I think, one of the things that I'm most proud of. I think that we have, in public television, maintained an editorial independence that is second to none. I think that, you know, it's true in all of our newsrooms, but I can speak most clearly about our own. We have a managing editor for news, we have an executive producer for news, we have veteran journalists on our staff who maintain the highest standards of making sure that they are... that management or underwriters or anyone else doesn't waltz into the newsroom and say 'gee, you know you've got to pull that story because it wasn't very favorable for that underwriter'.

**John Callaway** But don't you have underwriters... I mean, Dick Salant, as I said earlier, quit the board of NPR over this issue. He said, in effect, "if NPR wants to, all things considered, wants to do health programming, they should do it because it's news and they should, maybe their entire programming one day would be health news, but it shouldn't be because thus and such foundation supports it." Don't you have

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that issue with certain people that come in and say 'well, I want a 13-part series on international issues'?

**Dan Schmidt** Yes and no. One of the things we've done is, you know, in our attempt to serve the whole community, we've actually gone out and asked them "what are we doing right, what are we doing wrong?" And you know we have extensive focus groups, we have one-on-one concept interviews. We did a huge quantitative survey and we were asking them what their interests were. We learned a lot. We learned that 40 percent of Chicago residents fit into three marketing segments. One we call the do alls. They do everything. They're actively engaged in community organizations. They don't consume television in a mass quantity. They are very discriminating in their media consumption. They read voraciously. They enjoy sports both as a spectator and as a participant. They go to the symphony, but they also go to the Cubs.

**John Callaway** I'm sorry. What does this have to do with my question about somebody saying 'I'll give you the money, but you've got to do my programming on thus and so?'

**Dan Schmidt** All right. What it means is that we have researched what the interest areas are of our constituents, and we are basing our editorial decisions on the notion that these are the interest areas we are trying to serve. So if foundation XYZ comes to us and says 'boy, we really want to do a documentary on the Chicago Defender. It's at its 100<sup>th</sup> Anniversary coming up'. Well, on its face you could say, well, that's a foundation coming to us and dictating content, but the fact is that we had already identified that as an area of interest of ours and of our constituents, and so we said, "Isn't that great. Your interest intersects with our interest and our community's interest and so, therefore, we will be delighted to work with you on getting this funded".

**John Callaway** All right, now. Talking about consulting your communities, we're running so late that, and forgive me Carroll Joyne if

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I'm breaking the rules here, but I want to do a little consulting with the audience. Here are a couple of choices. We can take 10-15 minutes of questions with this panel and do away with the break or we can say goodbye to the panel and thank them, take our break and then come back for Ken Auletta's speech. What do you think? There is another event coming in here and we have to be out. That's the choice. Five minutes for questions and five minutes for break? Let's do five and five. Okay, let's go to questions.

**Janet Seabell** Hi, my name is Janet Seabell and I came here from Boston to test some assumptions about public television and I took some notes as you were talking. I am an art teacher outside of Boston and a few years ago I wrote a grant to the National Endowment for the Arts for research and development into a nationally broadcast television series about art for children. As you can hear, I'm very passionate about this. When Ms. Session-Robertson spoke about the conversation between PBS business models and educational models, and that conversation between two spectrums, the business and the educational world, that's what I've been knocking my head against the wall for the last three years thinking about because I think that when I see "The Future of Public Television" up there, I think the future of public education because public television, more than anything else, reaches a diversity of learners.

**John Callaway** So you trust that?

**Janet Seabell** Yes, I do. My assumption is that what if there were business models that were built on educational models? Would PBS stations and affiliates go to bat for educational programming that had replicable and measurable means of teaching and learning that conformed to the No Child Left Behind Act? That's where I think that the next generation of business models for PBS are going to stem from and that's what I'm here to find out about and that's what all my presentations and pitches to PBS will be about.

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**Sandra Session-Robertson** Well, I'll start and I'm sure John can add to that. I think that's kind of what's going on now, particularly with the work that APTS is doing with regard to the Higher Education Coalition. There is a website specifically referencing activities going on at research universities called Evolving the Link, which does very much what you're talking about and very much what we're looking to do. What kind of programming can we bring that's standards based? I would also suggest, as Pat Mitchell said this morning, that much of the NPS children's programming is built that way, as well. So, I think it's very possible and very timely.

**James Owens** Dan Schmidt, my name is James Owens; I'm a media activist here in Chicago. I was chief author of a study on *Chicago Tonight* regarding your sources, regarding the racial occupational makeup of sources on your program. One of our findings, for example, was that only white people spoke on the issues of business economy. Another one of our findings was that over 90 percent of the sources consulted in *Chicago Tonight* on issues of business economy were either corporate representatives or professional journalists who, overwhelmingly, work for corporations. Now the context that we're looking at here is that we've had a failing of professional journalism. We've had the lead up to the war on Iraq where we did not have a genuine debate.

**John Callaway** Do you have a question?

**James Owens** I do have a question. What's it going to take for us to have genuine, broad representation of the people of the community of Chicago where we have people able to communicate across the communities as well as to their leadership, because we know a majority of people in this country still believe that weapons of mass destruction were found in Iraq? The question is what is it going to take to have truly open democratic debate and to democratize the system here in Chicago? (Applause)

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**Dan Schmidt** Boy, I don't even know where to start there. I'm not sure about the methodology you cite, quite frankly, because I know if you were to cherry pick some programs and you were to look at certain nights, there will be nights when you can gather and gerrymander statistics that could support a particular conclusion. You know, I have to tell you that I think that we need to constantly be working on making sure that we have more diversity on our air, that we have the process in place, and that's what *Chicago Tonight* is designed for; to be a vehicle of people of all voices across the community to be able to voice their views and concerns, and we're working hard to make that happen. We are also working very hard in the process of... You know, in the context of cost cutting it is always very hard to add a lot of new faces to your air, especially if your staff is very senior and has been around for decades, but we have made progress there. We have, for instance, the executive who is in charge of all our local program production, which includes *Chicago Tonight*, is an African-American, and he is dedicated to making sure that we improve the diversity of that program. Our executive in charge of program selection and scheduling, for everything we do locally, is Hispanic. Our managing editor for news and news analysis is Hispanic. We have an African-American correspondent, regularly, on *Art Beat*. We have an African-American correspondent for our *Chicago Matters* series. Our newest *Chicago Tonight* correspondent is Hispanic. You know, if you look at our staff, about 20-25 percent are minorities, 52 percent are women. So, we have a ways to go, but one of the things that I'm proudest of is that if you look at who we're serving and who is watching, we reach into 76 percent of Hispanic households on a weekly basis. The viewership, if you were to break it down on the latest sweep data qualitatively, essentially mirrors the community we serve. So, can we do better? Absolutely, but, you know, I think we've made a

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lot of progress and, quite frankly, we do a pretty good job. (Applause)

**Charles Benton** Hi, my name is Charles Benton of the Benton Foundation. There is a very interesting split between John Lawson's, I think, very interesting speech and the panel. I want to try to bring these elements back together. John, your five consortia that you talked about-the Rural Coalition, The Higher Education Coalition, the Workforce Skills and Adult Literacy, the K-12 Group which hasn't coalesced yet but you're working on, and the Homeland Security-I'm just wondering since the goal of public broadcasting is to try to get your powerful tools more centrally into the not-for-profit and American mainstream, that's the basic goal here, I'm really just interested in the panel's reaction to these five consortia, these five coalitions that John is leading, at the national level, for diversifying the funding base, getting into other arenas and how this affects any one or more of the panel members. I think that would be very interesting.

**John Lawson** Let me just say that the whole idea behind the coalition was that different stations have different interests. We don't expect all stations to give us extra money to support any one of these, so it really speaks to what stations themselves want to do. We never make this up. We never invent these coalitions. It is always a question that comes from the bottom. People come to us and say, "We have an interest here so we're talking about subsets of stations." Not everybody is interested in the same thing.

**Joe Bruns** We are WETA's main station for the experimental Homeland Security digital broadcasting network, and we're working with APTS on it. We actually do that less as a revenue enhancement. In fact, it's not a revenue enhancement at all. We're basically donating our services. Then again, this is a service for our community. Think about us in Washington DC with the government there, being able to work not only with the federal government, but also local first

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responders who will eventually be a part of the network for us in our own little peculiar Washington way. This is community outreach, so for us it was absolutely natural to work with John on this coalition and to work on this project because these are people who live in our community and view and listen to us on air.

**John Callaway** Let's take a break now. We want to get back and hear what Ken Auletta has to say. Will you give a big hand for all our presenters?