

50
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GENERAL MANAGER'S REPORT



Ron Pisaneschi
GENERAL MANAGER

2D Barcode



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Reports

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Quotes

"Can't imagine an evening without Public TV." –Barbara

"I want to take this time to express my compliments and gratitude for the healthy messages you send to children like mine with children's programming. I was watching Word Girl and Wild Kratts today with my 8 year old daughter and was impressed by the nutrition messages I saw." –Bernadette

Idaho Public Television Celebrates 50 Years!

Reaching the half century mark is a real milestone by anyone's definition.

What a great experience to be at this high plateau and looking out at both the past and the future!

I'm happy to say I don't stand here alone. Every one of our viewers, volunteers, funders and well-wishers have helped to bring us to this point. You have the role of public in Public Television and you deserve the grandest award for your performance.

I would be remiss if I did not look back and count the hundreds of dedicated Idaho Public Television employees. All of them deserve our thanks for their hard work and creativity, both essential for quality television in Idaho. When we blow out the candles on the anniversary cake, please make a good wish for our next 50 years.



50
YEARS

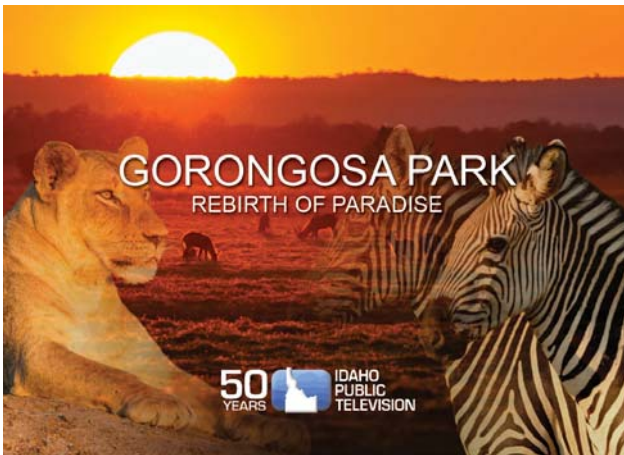


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PBS President Visits Idaho to Celebrate 50 Years of Telling Idaho's Stories

Paula Kerger, president of PBS, is helping Idaho Public Television launch our 50th Anniversary celebrations. Ms. Kerger will be in Boise on Thursday, October 8, and in Moscow on Friday, October 9. Our donors and supporters are invited to join us, meet Paula, and hear Idaho's stories. Visit idahoptv.org for times and locations.

Throughout the year, IdahoPTV staff will travel the state videotaping donors and sharing their stories on air and on the Web.



Gorongosa Park – Rebirth of Paradise

—Airs Tuesdays, September 22 - October 6, at 8 p.m. MT/PT

“Gorongosa is a very special place for me since my first assignment there in 2008 (sent by National Geographic),” says Idaho resident Bob Poole, who is host, narrator and wildlife cameraman for the miniseries. “As a cinematographer you get these great assignments, but you have to leave.”

This PBS commission allowed him to stay in the park “for a long time.” The Idaho resident calls it “really a highpoint for my career and my life.”

Poole has spent two and a half years working on this six-hour miniseries for PBS and National Geographic International. Two episodes air back-to-back each week, and document efforts to restore the Mozambique national park that was ravaged by 15 years of civil war.

An exciting part of the project has been working with the scientists, going on expeditions to discover new things, Poole says. “It felt like we were all working together as a team ... to put the camera down and to help the rangers, the scientists, the vets.”

The Emmy-winning wildlife cameraman assists scientists to dart and track the park’s elusive lions, decode the behavior of the park’s elephants, wrestle and study massive crocodiles, and truck in herds of animals to replace ones lost during the civil war.

The Idaho Public Television special *Into Africa: The Idaho-Gorongosa Connection* airs Tuesday, September 22, at 7 p.m. MT/PT. The special tells of the connection this project has to Idaho. For 10 years, philanthropist and Idahoan Greg Carr has provided money, time and his personal efforts, which include involving Idaho scientists and Zoo Boise director in the international project. Between the two programs is a special *Dialogue* episode in which Marcia Franklin interviews Greg Carr and filmmaker/host Bob Poole about the PBS series.



Congratulations to Our Talented Videographers!

The Videographer Awards is one of the oldest and most respected awards programs in the industry.

Excellence:

“Idaho: State of Wonder” – information category. Videographers: John Crancer, Jay Krajic and Chuck Cathcart
 “Outdoor Idaho: Valley of the Tetons” – information category. Videographer: Jay Krajic

Distinction:

“Outdoor Idaho: 50 Years of Wilderness” – documentary category. Videographers: Jay Krajic, Jeff Tucker, and Peter Morrill

Honorable Mention:

“Outdoor Idaho: Inspired by Nature” – arts category, Videographers: Jay Krajic and Chuck Cathcart

“Outdoor Idaho: Owyhee Canyonlands” – sports category. Videographers: Jay Krajic and Seth Ogilvie

In the Community

2015-2016 Television Season Preview Events

Please join us at the following special events highlighting our new 2015-16 season.

Idaho Public Television's Annual Preview Luncheon

Wednesday, September 9, 2015

11:30 a.m. – 1 p.m.

Barber Park Education & Event Center

4049 South Eckert Road, Boise

Catering provided by Open Table

RSVP to Penny at (800) 543-6868

Idaho Public Television's North Idaho Programming Preview

Monday, October 5, 2015

5:30 p.m. – 7:00 p.m.

SpringHill Suites

2250 W Seltice Way, Coeur d'Alene

Hors d'oeuvres by Greenbriar Inn & Catering

RSVP by September 8 to rsvp@idahoptv.org or (800) 543-6868

Idaho Kindergartener Wins at 2015 National Writers Contest



Congratulations to Margaret Morrissey of Pocatello who won 3rd place in the 2015 National Writers Contest with her story, “Meggie Can Be Brave” (see news story below). To read her story, go to: <http://idahoptv.org/kids/contest/winners.cfm>

PBS KIDS ANNOUNCES 2015 NATIONAL WRITERS CONTEST WINNERS FOR EXCELLENCE IN STORYTELLING

Esteemed judges name 12 winners from across the U.S. in annual writing contest



ARLINGTON, VA, August 5, 2015 – PBS KIDS announced today 12 national winners in its annual Writers Contest. The 12 winners, in grades K-3, were selected by a panel of judges who chose them from thousands of local contest entries submitted by 63 participating PBS stations across the country.

"We were impressed with the number of submissions and creative content in this year's PBS KIDS Writers Contest," said Lesli Rotenberg, General Manager, Children's Media, PBS. "PBS KIDS and participating local stations are proud to support young children as they hone important writing skills that will pave the way to success in school and in life through imaginative storytelling."

Participating PBS stations worked with local schools, public libraries and other community-based organizations to present the 2015 PBS KIDS Writers Contest and determine winners within their local communities. Local winners were entered in the national contest, where their stories were reviewed by a panel of esteemed judges who selected the top 12 entries. A list of the national winners and their stories can be found at pbskids.org/writerscontest.

National winners will receive prize packages including ARTHUR books, courtesy of national prizing sponsor, Little, Brown Books for Young Readers, and a personal technology device, courtesy of PBS.

The 2015 national winners include:

Kindergarten

1st place: "Pilot" by Jude Smith VanWinkle, Albuquerque, NM – New Mexico PBS

2nd place: "Book of Emmett" by Emmett Fife, Granite Falls, WA – KBTC

3rd place: "Meggie Can Be Brave" by Margaret Morrissey, Pocatello, ID – Idaho Public Television

First Grade

1st place: "How I Scared a Monster..." by Advik Rai, Clarksville, MD – WHUT

2nd place: "Who Needs Math?" by Karsten Eckhoff, Stover, MO – KMOS-TV

3rd place: "The Planet Police" by Mia Lantaigne, Hampton, NH – New Hampshire Public Television

Second Grade

1st place: "An Awkward Shade of Wonderful" by Jasper E. Arellano, Albuquerque, NM – New Mexico PBS

2nd place: "Friends Forever" by Delaney Spoonster, Akron, OH – WVIZ/ PBS ideastream

3rd place: "Never Put a Horse in the Attic" by Jordyn Winston, Beavercreek, OH – ThinkTV

Third Grade

1st place: "Escape From School" by Sebastian Shields, Saco, ME – New Hampshire Public Television

2nd place: "My Final Home" by Gideon Sayward, Schuyler Falls, NY – Mountain Lake PBS

3rd place: "The Taste of Reading" by Seunghui Lily Ha, Springfield, IL – WTVF

This year's panel of esteemed judges consisted of acclaimed writers, producers and children's media creators, including:

- Billy Aronson, creator, PEG + CAT
- Marc Brown, author and illustrator, ARTHUR book series
- Lisa Henson, chief executive officer, Jim Henson Company
- Martin Kratt, creator and co-executive producer, WILD KRATTS
- Chris Kratt, creator and co-executive producer, WILD KRATTS
- Tim McKeon, creator, co-executive producer and head writer, ODD SQUAD
- Jennifer Oxley, creator, PEG + CAT
- Adam Peltzman, creator, co-executive producer and writer, ODD SQUAD
- Angela Santomero, creator, executive producer and writer, DANIEL TIGER'S NEIGHBORHOOD and SUPER WHY!

To learn more about this year's judges, visit pbskids.org/writerscontest.

The PBS KIDS Writers Contest is made possible through national promotional support from Highlights for Children. The contest is produced by PBS and based on the Reading Rainbow Young Writers and Illustrators Contest, a concept developed by WNED-TV, Buffalo.

Our IdahoPTV Productions

Behind the Scenes

By Jeff Tucker
Director of Content Services



What Our Production Crew Did for Their Summer Vacation ...

It always amazes me how busy the IdahoPTV production crew is during the summer. It's a beehive of activity and no one — almost no one — ever gets stung.

This summer, *Outdoor Idaho* crews have been in caves, searching for gems, hiking and traveling on horseback (not to mention thousands of miles on the road). It is hard work and they love it. What better job to have than to bring Idaho to you? This month they begin writing and editing *Outdoor Idaho* "Idaho Headwaters" for air in early December during our DecemberFest pledge event. We had only one casualty this summer — we lost a GoPro camera somewhere near the headwaters of the Snake River. If you find it, can we get the SD card back?

Before that, *Outdoor Idaho* "Rockhounds" airs September 24. It's producer Melissa Davlin's first *Outdoor Idaho* project. The fun part for me is watching the rest of the production team give her suggestions on how to build the program.

Here's a political twist — *Idaho Reports* starts in October this year. The crew travels to Washington, D.C. in September and will return with interviews and segments of our Congressional delegation, lobbyists and others who work at the national level.

And on the trail of science, Joan Cartan-Hansen and Al Hagenlock have been logging many hours in the field and edit bay this summer assembling *Science Trek* programs for the coming season. "Asteroids and Comets," airing in September, will amaze the young budding scientist in your family (my bet is that even adults will learn a thing or two). Check out the *Science Trek* website at idahoptv.org/sciencetrek.

The *Dialogue* team recently returned from the Sun Valley Writers' Conference with six great interviews. Marcia did five of the interviews in one day. I think she's still in a bit of shock.



"Rockhounds"

—Airs Thursday, September 24, at 8 p.m. MT/PT

A growing number of rockhounds of all ages are seeking gem stones and fossils at sites around the state. This new episode follows the hunt in the Panhandle, the Owyhee County area, and eastern Idaho.

Producer Melissa Davlin said she visited the North Idaho sites — Clarkia Fossil Bed and Emerald Creek Garnet Area — while she was in college. These sites encompass one of two places in the world to find a star garnet as well as 15-million-year-old fossils.

“The thing that surprised me this time was how excited I got when I found a specimen. I’ve learned a little bit about the appeal,” Davlin said. “And it took us to pretty spots too.”

Davlin said she learned more about the appeal from experienced rockhounds, who polish the stones to make jewelry from their finds, and from three-year-olds who were “just thrilled to be picking up sand and rocks.”

Outdoor Idaho cameras also took in jasper hunting in the Owyhee County area and the search for opals in eastern Idaho.



To coincide with the anniversary of the terrorist attacks of September 11, 2001, *Dialogue* host Marcia Franklin interviews two men who have unique insights into that day.

“Conversations From the Sun Valley Writers’ Conference: Author Lawrence Wright”

—Airs Friday, September 11, at 7:30 p.m. MT/PT

Host Marcia Franklin talks with Lawrence Wright, a journalist who won a Pulitzer Prize for his book, *The Looming Tower: Al Qaeda and the Road to 9/11*. The two discuss Wright’s thoughts on the death of Osama Bin Laden and the growing power of the self-proclaimed Islamic State. Franklin, who spoke with Wright at the Sun Valley Writers’ Conference, also talks with him about his newest book, *13 Days in September*. It chronicles the tensions surrounding the Camp David Accords of 1978, as well as the legacy of those accords.



“Defending Khalid Sheikh Mohammed”

—Airs Friday, September 18, at 7:30 p.m. MT/PT

Boise lawyer David Nevin, who is one of the defense attorneys for Khalid Sheikh Mohammed, is interviewed by host Marcia Franklin. Mohammed is considered by the 9/11 Commission to be the “principal architect of 9/11.” Franklin and Nevin discuss why the case has taken so long and how revelations about CIA torture techniques during interrogations are affecting the case.

“25 Years of the ADA”

—Airs Friday, September 25, at 7:30 p.m. MT/PT

Kelly Buckland, executive director of the National Council on Independent Living, talks about the changes in the country since the inception of the Americans with Disabilities Act in 1990.



Public Television in the News

IdahoPTV recently produced a segment for PBS NewsHour.



Idaho mountains declared federal wilderness after decades-long bid

August 9, 2015 at 3:36 PM EDT

ROCKY BARKER: The Boulder-White Clouds Mountains in Central Idaho are a scenic landscape of soaring mountain peaks, lush forests and pristine lakes and rivers. 275,000 acres of this public land is now a federally protected wilderness area, which means it will remain open to recreation and closed to development.



A big swath of Idaho wilderness will now be protected from development, thanks to legislation passed by Congress and signed into law by President Obama on Friday. The law ended a 40-year effort that was supported by environmentalists, ranchers, recreation groups and Idaho's Congressional delegation. Idaho Public Television's Rocky Barker reports.

When President Obama signed the wilderness bill into law, it was a personal victory for Idaho Congressman Mike Simpson, who backed the idea for 15 years. Simpson's efforts accelerated earlier after meeting Obama Adviser John Podesta last year.

IDAHO REP. MIKE SIMPSON: I went up and introduced myself to John and said, 'listen, I'd like 6 months to see if we could get a bill moving in Congress,' and by then we would know whether we could get one done or not. And he said, 'Go for it.' So the administration gave us the 6-months to work on it before they were going to do a national monument.

ROCKY BARKER: Declaring these mountains a national monument would have protected them but would have left many details unresolved. As a wilderness area, the uses of the land are more strictly defined.

The Boulder-White Clouds Mountains have had some federal protection since 1972, when then-Governor Cecil Andrus stopped a molybdenum mine from being built at the base of Castle Peak Mountain.

Andrus, who also served as Interior Secretary under President Carter, initially urged President Obama to use his executive authority to protect the Boulder-White Clouds by declaring them a national monument.

Craig Gehrke is the Idaho Director of the Wilderness Society.

CRAIG GEHRKE, THE WILDERNESS SOCIETY: There was still a big question in our mind whether or not a Congress could really do anything anymore. So we continued with our monument effort, figuring that that was...up until a few weeks ago was the more sure thing.

ROCKY BARKER: But Congressman Simpson decided to make another run at declaring the mountains a wilderness area and got his bill through the House in July.

Idaho Senator James Risch, who previously opposed the bill, agreed to sponsor the Senate version.

IDAHO SEN. JAMES RISCH: What Congressman Simpson was able to do is to get everybody to the table in a very collaborative fashion to where he go the wilderness preservationists, the hikers, the backpackers, the horse people, the motorized users, including both snowmobiles and ATV and motorcycle people to all agree as to a management plan for everything that's included in this bill.

ROCKY BARKER: Idaho Conservation League Director Rick Johnson told a Senate committee hearing why the landscape needed protecting.

RICK JOHNSON, IDAHO CONSERVATION LEAGUE: These mountain ranges contain the headwaters of four major rivers and are home to some of the highest elevation salmon habitat on Earth. This is a landscape of summer and winter range for big game and critical habitat for endangered and elusive species like wolverine. It is also an unparalleled resource for many different recreational pursuits.

ROCKY BARKER: Sandra Mitchell, who represents snowmobilers and motorcyclists, favored the creation of a wilderness area because the designation clearly spells out how the mountain trails around it can be used.

SANDRA MITCHELL, IDAHO RECREATION COUNCIL: So that part of it was tough for us – BUT the choice was the national monument or the wilderness and we came down on it – it was a long difficult decision but we came down on the wilderness bill is the best, and then we put 100% of our support behind it and did everything we could to pass it.

ROCKY BARKER: The creation of this new wilderness area is a big law for a small western state that also shows even in these politically charged times, Congress can sometimes work quickly to get something done.

FOR PEOPLE IN PUBLIC MEDIA Current

HBO to premiere new 'Sesame Street' shows, provide them for free to PBS in 5-year deal

By Dru Sefton | August 13, 2015

Sesame Workshop has struck a five-year deal with HBO in which the cable giant will fund production of *Sesame Street* and two new children's shows for exclusive rights to premiere the shows, after which it will distribute them for free to public television.

New *Sesame Street* episodes will premiere exclusively on HBO starting this fall and will be available to PBS after nine months. The series will air on HBO and multiplex channels HBO Go, HBO On Demand and its web-based subscription video on-demand service, HBO Now.

HBO will also pay for the Workshop to produce a *Sesame Street* Muppet spinoff series and develop a new original educational series for children.

The deal does not affect the PBS fall schedule.



Murray Monster visits students at Lincoln Center in New York City as part of *Sesame Street*'s 45th season. (Photo: Zach Hyman)

In an interview, Sesame Workshop CEO Jeffrey Dunn declined to provide a value for the deal but said HBO is paying “many multiples” of what PBS pays the Workshop for *Sesame Street*.

The new partnership was driven by the continuing collapse of the Workshop’s licensing revenues, which provide more than 90 percent of *Sesame Street*’s production costs, Dunn said. Since 2008, licensing revenue has fallen 50 percent, he said. PBS pays less than 10 percent of the cost of *Sesame Street*.



Dunn

Dunn said that when he arrived at the Workshop last October, “I realized early on we had real economic issues. We had to find another distribution platform” to generate revenue.

When video-on-demand came along, “the DVD market sort of imploded,” Dunn said. “Over time, that put a huge dent in the Workshop’s revenue stream.” That also forced it to “adjust the new content” it could create for PBS each year, he said.

With the HBO deal, “we are able to reverse this trend,” he said, “and deliver more content as well.”

The Workshop “approached just about everybody in the business,” Dunn said, with one requirement: “Our No. 1 issue was, we remain with PBS. We are lifetime partners with PBS. Any interest in working with us had to be in a way to keep us with PBS.”

“Based on that, many were not interested,” he said. “But HBO was very interested.”

In a statement, PBS said the Workshop’s HBO contract “does not change the fundamental role PBS and stations play in the lives of families. *Sesame Street* will continue to air on PBS stations as part of the PBS Kids service, building on a 45-year history.”

Joan Ganz Cooney, the program’s co-founder, said in the announcement that she has “long admired the creative work of HBO and can’t think of a better partner to continue the quality of *Sesame Street*’s programming.”

“Over the past decade, both the way in which children are consuming video and the economics of the children’s television production business have changed dramatically,” Cooney added. “In order to fund our nonprofit mission with a sustainable business model, Sesame Workshop must recognize these changes and adapt to the times.”



Sesame Workshop–HBO deal sparks soul-searching among public broadcasters

By Dru Sefton | August 24, 2015

The deal to keep *Sesame Street* going with HBO’s backing may have aided Sesame Workshop’s bottom line, but the long-term cost to the PBS Kids brand and the case for supporting children’s programming on public TV is still to be seen.



New episodes featuring Bert, Ernie and other Sesame Street residents will debut this fall on HBO, which bought exclusive first-run distribution rights under a new contact with Sesame Workshop. (Photo: Richard Termine)

The five-year deal, announced Aug. 13, provides free broadcast rights to PBS and its member stations for *Sesame Street*, as well as two more educational programs. HBO will premiere new episodes of the show, which will then be made available to PBS after nine months.

Cable distribution deals have been key to Sesame Workshop's financing since the late 1990s. But this is the first contract awarding exclusive access to new *Sesame Street* episodes to a pay cable channel. The 35 new shows that will debut on HBO this fall will air on PBS stations starting next summer.

The announcement of the deal prompted soul-searching among public broadcasters and others who recalled *Sesame Street*'s groundbreaking role in using free over-the-air broadcasts to teach preschoolers from low-income families the basic skills they need to succeed in school.

The series, which debuted in 1969 on PBS forerunner National Educational Television, clearly expressed public TV's mission to reach underserved audiences with educational programming. It became intertwined with the PBS brand and has remained a key element of the case for government support of public broadcasting.

"It seems to me there is something depressing about all this," PBS Ombudsman Michael Getler lamented in an Aug. 19 column, "an inability in the current environment to keep programs such as this as an honored product of public broadcasting at its best, rather than to have it now associated with pay walls and one more two-tiered system of public separation."

Officials from PBS declined to discuss the deal publicly. In a statement, PBS said that the HBO contract "does not change the fundamental role PBS and stations play in the lives of families. *Sesame Street* will continue to air on PBS stations as part of the PBS Kids service, building on a 45-year history."

Statements from leaders of CPB and the Association of Public Television Stations noted the other educational children's shows presented exclusively on PBS Kids. "*Sesame Street* is part of a robust and dynamic array of children's programming," said CPB President Pat Harrison.

"Early childhood education has always been an especially important part of our mission," said APTS's Pat Butler, adding that those shows will continue to be "available to every child, everywhere, every day, for free."

A hard truth for public broadcasters is that PBS has paid only a portion of the cost of producing *Sesame Street*, giving it little say in the Workshop's new partnership. PBS contributes 10 percent of annual production costs, according to Workshop President Jeffrey Dunn. Representatives of PBS and the Workshop declined to specify PBS's financial support for the show.

"In effect, Sesame Workshop is tapping into HBO to create more and better content than it can with a PBS-level budget," said Deron Triff, a former PBS digital strategist who now directs global distribution and licensing for TED. Triff represented PBS during negotiations for the 2004 deal that launched the PBS Kids Sprout channel, a \$75 million partnership among the Workshop, PBS, Comcast and HIT Entertainment.



Dunn

Dunn, a former chief executive at HIT who signed on as the Workshop's chief executive 10 months ago, describes the HBO contract as a life raft. "We've saved *Sesame Street* for PBS," he said in an interview.

Shorter show reflects changes

The contract does not affect the PBS Kids fall schedule. While the latest batch of new shows is in its nine-month HBO window, the Workshop will provide PBS with curated *Sesame Street* episodes compiled from recent shows. The biggest change that viewers will notice — adoption of a switch to a new 30-minute format that PBS introduced last fall — ends broadcasts of the original hour-long format.

Two children's media researchers noted that the change reflects how children are using media.

"If you look at kids' viewing habits, they're much less likely to spend a full hour with one program," said David Kleeman, an executive with Dubit Ltd., a company that develops digital products for children's brands and a member of the PBS Kids Next Generation Advisory Board. "They're more likely to sample multiple things and have many more opportunities to do that."

Kleeman said he trusts researchers at Sesame Workshop "to know that the half-hour program is structurally sound and gets across the concepts that kids need."

Dorothy Singer, retired head of Yale University's Family TV Research and Consultation Center, noted that the educational value of a kid's TV show isn't determined by its running time. "Research shows that children can learn very well in a half-hour," Singer said, as long as fundamentals are stressed, such as repetition of vocabulary and explanation of ideas.

Besides, she noted, "Fred Rogers' show was 30 minutes for more than 30 years."

Resources necessary to achieve mission

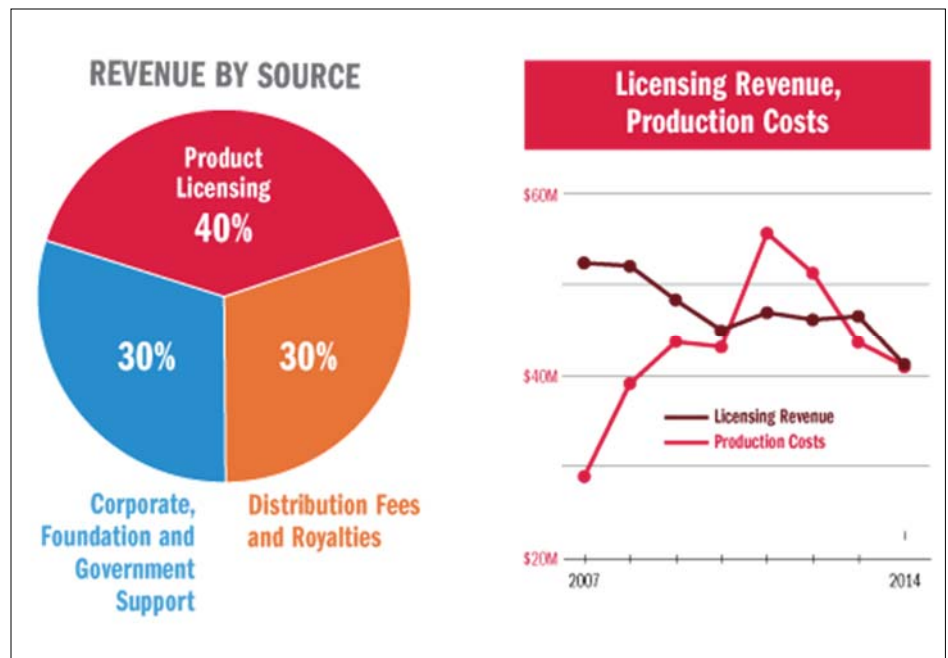
Currently, the Workshop provides PBS with 44 *Sesame* episodes per season, 18 of which are new. With HBO paying, the Workshop's creative team will go into high gear, producing 35 new episodes. The Workshop retains creative and editorial control over *Sesame Street*.

Production contracts and distribution deals with commercial networks and cable channels have been a key source of the Workshop's revenue for decades, noted Gary Knell, c.e.o. from 2000–11 and now president of National Geographic. "Everyone there felt all along that we needed to be producing for PBS as well as other outlets that wanted quality children's content," he said. *Pinky Dinky Doo*, an animated early-literacy series, aired on Nick Jr.; the science-based *Cro* ran on ABC.

And the Workshop has previously produced for HBO: *Encyclopedia*, with music and skits about alphabet letters, premiered in 1988.

Knell, who played a key role in securing the Workshop's 1998 cable deal with Nickelodeon, sees the HBO contract as a smart path forward. "Sesame Workshop is about mission," he said. "But it needs resources and distribution outlets to accomplish the mission."

The Workshop's revenues had been declining for three years when Dunn arrived as c.e.o. last October. "I realized early on we had real economic issues," he said.



Sesame Workshop divides annual revenue from domestic and international subsidiaries into three main categories: program support, licensing, and distribution fees and royalties. Licensing includes all merchandise that uses the nonprofit company's intellectual properties, while program support includes individual contributions and government grants. Revenue from DVD sales is categorized as distribution fees and royalties. "Revenue by Source" chart depicts fiscal year 2014 figures. (Analysis by Ben Mook. Graphs: Kelly Martin Design)

In 2008, international licensing revenue, which includes distribution fees, royalties and DVD sales, brought in a hefty \$52.7 million; that figure has dropped by nearly 50 percent as of fiscal 2014.

And with the advent of video-on-demand, the domestic DVD market that had been a big moneymaker for the Workshop “sort of imploded,” Dunn said. The Workshop’s domestic DVD sales plunged more than 70 percent from 2008 to 2014.

Licensing revenues had provided 90 percent of Sesame Street’s production costs, and the nonprofit had to turn elsewhere for funding, Dunn said.

Though the deal marks a turning point in the Workshop’s long relationship with PBS, it “brings financial stability to *Sesame Street*,” said Jack Galmiche, president of Nine Network in St. Louis. And because the program will be provided free to PBS and its member stations, “that enables us to direct the resources that were going into *Sesame Street* license fees to other new kids’ properties.”

Triff sees the Workshop’s HBO partnership as inevitable. “If PBS is not able to support the kind of production budgets that kids’ producers require to compete in the marketplace,” he said, “then absolutely the Workshop will go find the best resources and distribution to do that.”

What will other producers do?

Recognition of the economic pressures on the Workshop and the limitations of PBS funding led many to question whether the network will be able to ward off other deals that could further erode the distinctiveness of its children’s service.

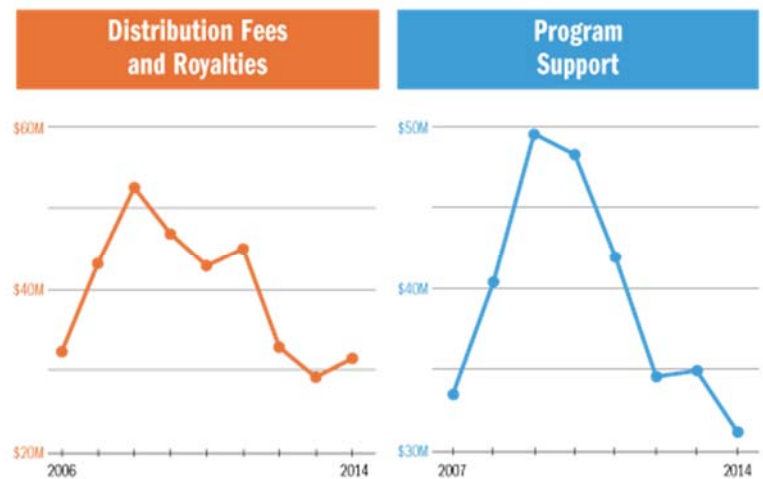
“There is a canary-in-the-coalmine element to this,” Kleeman said. “The biggest thing to watch is, what do other PBS producers do? Will they give first windows to other channels?”

“We should have realized that PBS’s lack of ownership of signature titles could result in the loss of control in distribution,” said James Morgese, g.m. of KUED in Salt Lake City. “We should be wary that other titles might follow.”

Triff sees the Workshop’s need for the HBO deal as indicative of a broader issue. “This goes back to the fundamental challenge,” he said, “that we are the only public broadcasting system in the world that is neither supported with enough federal dollars nor given the flexibility to generate revenue through commercial endeavors.”

As Kleeman said, “We’ve never answered the question of how we want to fund public programming.”

Public TV’s advocates in Washington, D.C., have long trumpeted the educational values of PBS children’s service, which is available to nearly all American TV households through free broadcasts, as a hallmark of public TV. PBS Kids programs reach audiences that aren’t served by commercial TV or pay cable, providing a public service that warrants government support.





Blumenauer advocates for public broadcasting during a 2011 press conference on Capitol Hill. (Photo: Current)

"I think what's happening proves our point," said Rep. Earl Blumenauer, (D-Ore.), who chairs the bipartisan Congressional Public Broadcasting Caucus. "We've long maintained that there's no real substitute for bedrock funding that's been provided by federal government."

Even *Sesame Street*, one of the most successful franchises on public TV, "reached a point where it was not sustainable," Blumenauer said. The Workshop courted potential partners in for-profit media and found "there weren't a lot of takers."

Knell, a veteran of public broadcasting's government relations efforts through his long tenure at the Workshop and two years as NPR president, sees the case for federal funding differently — focused on the programming and community-based services provided by local stations. "In NPR's case, that's local coverage and programming," he said. "In the PBS Kids space, it's local work stations are doing in schools, such as literacy programs. That's what we need to promote."

Morgese disagrees. "I am very concerned that this erodes our position with Congress and the viewing public," he said. "The message it sends contradicts what we have been communicating for decades: that cable can't and won't do the job that PBS can do."

Perception of a paywall

The agreement also illustrates the emerging competition around digital distribution of children's content.

HBO, which hasn't been a player in children's programming, will use *Sesame Street* and the Workshop's two future programs on its on-demand services for subscribers, HBO Go and HBO On Demand, as well as its web-based subscription VOD service HBO Now. It's also licensing 50 episodes of *Pinky Dinky Doo* and *The Electric Company*, a 1970s favorite that Sesame Workshop relaunched in 2009.



Knell

"For HBO, it's a clever way to get young families into the streaming platform," Knell said. "This puts HBO into a competitive frame with Netflix and Amazon Prime. It's a coup to get exclusive kids' content for streaming." As part of the deal, the Workshop will remove *Sesame Street* content from Netflix and Amazon, both of which are ramping up the number of kids' shows available on-demand.

PBS will continue to offer *Sesame* streaming at PBSKids.org, on the PBS Kids video app and on Xbox One, Roku, Apple TV, Amazon Fire TV, Android TV and Chromecast.

But some pubcasters worried about the perception created by the Workshop's decision to place *Sesame Street* behind a paywall.

"As upset as I was when the Workshop entered into partnership with Nickelodeon to create Noggin, at least that was basic cable," said David Thiel, content director at Illinois Public Media. Thiel said he's "distressed" by the idea of "giving a premium channel an exclusive window on a show created with public funds for the express purpose of serving at-risk kids."

Others took a pragmatic view. "HBO is not exactly top-of-mind for children's programming, and the benefit of having more new shows without the cost to PBS and member stations outweighs the price of waiting" the nine months, said Kat Worzalla, program manager at Milwaukee Public Television.

“In truth, we do wish that the nine-month window did not exist,” said Justin Harvey of Nashville Public Television, president of the Public Television Programmers Association, “but we are glad that the vast majority of viewers will continue to find *Sesame Street* on their local public television station regardless of their ability to pay.”

In 2015, the PBS Kids lineup has expanded to offer far more programming than *Sesame Street*. “There are 19 shows other than *Sesame* in the kids’ weekday block,” Knell said. “It’s a pretty impressive lineup, shows with big ratings like *Daniel Tiger’s Neighborhood* and *Curious George*. PBS has redefined that space.”

Triff remains hopeful that public television will embrace possibilities to keep its programs financially sustainable.

“To me, there is absolutely a place for nonprofit media to act in entrepreneurial ways,” Triff said. “I’m waiting for the day when PBS is able to use its vast network to act in an entrepreneurial manner. That is the opportunity.”



PBS Facts

- ⇒ 407 million Americans watched PBS videos on Web and mobile platforms in June.
- ⇒ More than 322 million streams were delivered on the PBS Kids Video app in June. (Google Analytics, 6/2015)
- ⇒ PBS had six of the top 10 programs among mothers of young children in June 2015, with the top three spots going to PBS KIDS series. (Nielsen National Toolbox, 6/2/3025 – 6/28/2015)