

Governance Options for Idaho Public Television

Bornstein & Associates

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Executive Summary

This report documents the results of a study conducted by Bornstein & Associates (B&A) concerning the possibility of shifting Idaho Public Television (IDPTV) from its current state licensee status to a community-based licensee. The Idaho State Board of Education commissioned this study, and the Corporation for Public Broadcasting provided funding.

This study was prompted by adverse reaction to two programs related to homosexuality aired by Idaho Public Television in September 1999 and June 2000, following which the state Republican Party passed a resolution at their June 2000 convention calling for the privatizing of Idaho Public Television. In April 2000 the Idaho State Legislature passed Legislative Intent Language that was added to IDPTV's FY 2001 appropriation prohibiting the network from broadcasting any program "which promotes, supports or encourages violation of Idaho criminal statutes."

B&A conducted an extensive review of the history, current status, strategic plans, decision-making processes, competitive environment and performance outcomes of Idaho Public Television. The results of this review are included in this report.

B&A explored the rationale for controversial programming in the public broadcasting industry, including an attempt by state licensees to address this issue through the adoption of a set of *Principles of Editorial Integrity*. It then reviewed the background and nature of the specific programs that led to adverse public and legislative reactions.

Personal interviews were conducted with 58 community leaders to gain a better understanding of the range of opinions held by stakeholders concerning the issues and options being discussed. A summary of those interviews is contained in this report.

The B&A project team reviewed the characteristics of different public broadcasting licensee types, and identified some of the key differences between state and community licensees. It then contacted representatives of four other public broadcasting organizations that had undergone, or are undergoing, changes in their licensee status to determine what they had learned during this process that might be relevant to the situation in Idaho.

The financial implications of Idaho Public Television becoming a community licensee were examined in detail and compared to peer institutions within the industry. Based on this analysis B&A concluded that if a decision is made that Idaho Public Television should become an independent community organization:

- It is very unlikely that IDPTV could continue operating unless (1) its current assets are transferred to the new organization, and (2) the state is willing to pay most, if not all, of the costs associated with converting to digital television.
- IDPTV would incur additional costs beyond the loss of the state's current funding.
- It is doubtful that IDPTV could raise significant additional revenues through its traditional fundraising techniques.
- Some expenses could be reduced, but this may result in the loss of additional revenues and an unacceptable loss of existing services.
- It may be possible to recover some or all revenue from the state through contracts for some existing and/or expanded services.

- It is not possible to predict the extent to which revenues could be increased through expanded entrepreneurial activities without knowing what those activities are and the potential marketplace and competitive environment.

B&A identified several legal considerations that should be kept in mind when contemplating a change of licenses. Based on the results of its study, B&A compared some of the strengths and weaknesses of state and community licensees, noting that the goals of each institution, as well as the unique interests and needs of the communities they serve, can influence how important these strengths and weaknesses are in specific situations. Four different options were identified. No attempt was made to list specific advantages or disadvantages to any these options since their potential benefits or drawbacks will change depending on how they are implemented. These options include:

- Maintain the status quo;
- Create an independent/quasi state agency;
- Transition to a community licensee and allow the state to contract for specific services it wishes to maintain; and
- Transition to a community licensee with no state involvement.

The report concludes with a set of recommendations concerning next steps to be taken if the state wishes to pursue any of the last three options.

If any option other than the status quo is contemplated, it is recommended that a strategic business plan be developed that describes the mission, goals and objectives of the new organization, as well as the assumptions, processes, costs, and timeline that will be necessary to make the necessary transition.

A comprehensive educational campaign should be developed to ensure that all stakeholders are informed about what is being planned, and that they have an opportunity to voice their opinions about what is being proposed. Time should be allowed to adjust the organization's plans and/or to provide additional education after receiving comments from stakeholders.

Agreements should be developed about the roles and responsibilities of all organizations involved prior to creating specific legislation language, so that such issues do not have to be worked out under the pressure of other legislative business.

If the state does not already retain the services of a law firm that specializes in broadcast and communications law, it should do so. This firm should have demonstrated experience with assisting in similar transitions, as well as in helping states work through all of the necessary federal approval processes noted in the section of this report related to legal considerations.

Project Scope

Background

In September 1999 Idaho Public Television (IDPTV) aired a program called *It's Elementary*, a one-hour documentary that chronicled how some public and private schools in several states are dealing with gay issues in the classroom. In April 2000 the Idaho State Legislature passed Legislative Intent Language that was added to IDPTV's FY 2001 appropriation prohibiting the network from broadcasting any program "which promotes, supports or encourages violation of Idaho criminal statutes." In June 2000 IDPTV aired another program called *Our House*, a one-hour documentary about children with gay and lesbian parents.

The airing of these two programs, and the public debate that surrounded them, resulted in the state Republican Party passing a platform resolution that called for the privatizing of Idaho Public Television.

In August 2000 the Idaho State Board of Education (SBOE), which holds the licenses to the stations in the Idaho Public Television network, revised the Governing Policies and Procedures of Idaho Public Television to reflect “the intent of the legislature.” While the revised policies stopped short of prohibiting the airing of specific programs, they did require that management submit a draft copy of its monthly programming decisions to the board for its review, and that the network air two thirty-second disclaimers at least once each broadcast day indicating that programs seen on the network were “not for the purpose of promoting, supporting or encouraging the violation of any Idaho criminal statutes.” It also required that these disclaimers appear in related programming materials including press releases and the web.

The SBOE also authorized a study of the impact of privatizing Idaho Public Television. The Corporation for Public Broadcasting funded the study, and the firm of Bornstein & Associates (B&A) was hired to conduct it. (See [Appendix A—Description of Bornstein & Associates.](#))

Project Process

The B&A project team undertook the following activities in conjunction with the Idaho Public Television study:

- The team made an extensive review of all relevant organizational publications, correspondence, documents and financial reports, State of Idaho statutes and proposed legislation, media reports, as well as other pertinent organizational and public records. The current community and political environment was assessed, and obstacles and opportunities related to changing the status of Idaho Public Television’s governance structure were identified.
- Personal interviews were conducted with senior Idaho Public Television management/staff and other major stakeholders including: citizen groups; the legislative and executive branches of state government; primary, secondary and higher education; the print and electronic media; business and industry; major underwriters; foundations; and other key decision-makers and opinion leaders representing a cross-section of opinions.
- Team members contacted representatives of other public broadcasting organizations that had undergone, or are undergoing, changes in their licensee status to determine what aspects of these efforts might be relevant to Idaho’s proposed change.
- B&A conducted an in-depth financial analysis of Idaho Public Television’s existing resources and fundraising activities, following which it identified potential economic concerns and opportunities related to its becoming a community-based licensee.
- B&A reviewed various legal documents and relevant Federal Communications Commissions rules and regulations related to the licensing of broadcast operations. It then identified some of the legal considerations that should be kept in mind when contemplating a change of licenses.
- A set of issues was identified based on the information collected; several alternative models were developed that might address some or all of these issues; and the pros and cons of each alternative were articulated.
- A draft report on the findings of the study was developed and circulated to the senior management of Idaho Public Television for the sole purpose of identifying factual errors and omissions. Appropriate corrections were made, and B&A’s independent analysis and report was then submitted to the Executive Director of the Board of Education and made available to interested parties.

Description of Idaho Public Television

History

Public television in the State of Idaho began as three independent stations, all of which were licensed to the State Board of Education. Initially, each station was operated as an independent entity by one of the three major state universities. KUID-TV was the first public television in the state. It signed on in 1965 and was located on the University of Idaho campus in Moscow. KBGL-TV (later renamed KISU-TV) was established on the campus of Idaho State University in Pocatello in 1971. That same year, KAID-TV began broadcasting from the campus of Boise State University. These three stations were partially interconnected the following year.

Three separate non-profit 501(c)(3) Friends organizations were established in the mid-to-late 1970's in each of the above communities. These groups were created to assist the staff in ascertaining community needs, publicizing their local public television services, and securing financial support from their communities to augment the programming of the three stations.

In 1981 the legislature drastically reduced state funding for the three stations in response to concerns that had been raised about two documentaries produced by KUID-TV and aired by the other two stations. The programs were *Cedar Thief*, a critical look at the timber industry in northern Idaho, and *Kellogg: The Best to You Each Morning*, a critical look at the communities of Kellogg, Bunker Hill in downplaying the significance of the lead poisoning in children of the Silver Valley.

A year later, in response to significant public feedback concerning these funding cuts, the legislature created the Idaho Educational Public Broadcasting Service (IEPBS) as a separate agency under the State Board of Education.^[1] Authority for all three stations was coalesced under this new agency, some funding was restored, and a General Manager's position was created to "manage, coordinate, and supervise" IEPBS. This position still exists and continues to report directly to the State Board of Education, which maintains ultimate responsibility for the network.

In 1985 the Idaho Public Television Foundation was established as a separate non-profit 501(c)(3) organization to implement a capital campaign. In 1990, an Endowment was established to assist in statewide fundraising campaigns for the acquisition of capital equipment, and to help fund the creation and acquisition of programming. Although the Foundation has its own Board, the Idaho State Board of Education, as licensee of the three stations, continues to retain ultimate responsibility for all programming and other operating decisions of IEPBS.

In 1996 Idaho Public Television lost over \$500,000 in federal funding as a result of cutbacks at the national level and changes in the Corporation for Public Broadcasting's policies concerning licensee Community Service Grants. As a result, the network reduced its staff by 14 full-time positions and discontinued or reduced production of several local services.

In 1998 the Federal Communications Commission announced that all commercial and non-commercial television stations must transition from an analog to a digital television standard by May 1, 2003. It also announced that no sooner than 2006 all stations would lose their analog frequencies. Any station not complying with these timelines will lose its license to broadcast. Idaho Public Television estimates that it will cost between \$11-13 million to make this conversion.

In April 2000 the Idaho State Legislature included Legislative Intent Language in its FY 2001 appropriation for Idaho Public Television that prohibited IDPTV from broadcasting any program "which promotes, supports or encourages violation of Idaho criminal statutes."^[2] This action was taken in response to complaints by concerned citizens about the airing of a program called *It's Elementary* in

September 1999. The legislature's action, and subsequent responses to it, led to the current study of alternative strategies to govern the network..

Current Status of Idaho Public Television

Idaho Public Television operates five main transmitters and 34 repeater stations. It owns and operates a statewide microwave/fiber optic interconnection system connecting its main facilities in Boise to its statewide transmission system, the State Capitol, and production facilities on the campuses of the University of Idaho in Moscow and Idaho State University in Pocatello.

The network's FY01 annual operating budget is \$5,626,701. Of this amount, individuals, corporations and foundations contribute 57% (\$3,224,201); the state provides 28% (\$1,579,300); and a grant from the Corporation for Public Broadcasting provides 15% (\$823,200). The network operates with a staff of 54 full-time employees.

The activities of IDPTV are guided by policies and procedures established by the Idaho State Board of Education. These policies were revised in August 2000 to reflect the intent of the legislature in HB 768. (See [Appendix B—SBOE Governing Policies and Procedures](#).) Idaho Public Television's Strategic Plan for 2000-2005 outlines its current mission, strategies, goals, objectives and performance measures. (See [Appendix C—Idaho Educational Public Broadcasting System Strategic Plan](#).)

Program Decision-Making

Bornstein & Associates reviewed Idaho Public Television's program decision-making process to determine what types of information it collects concerning audience interests and needs, the sources of its programs, the criteria it uses to select programs, and the processes it uses to inform its audiences about the availability and content of the programs it airs.

B&A concluded that IDPTV's program decision-making process is both extensive and consistent with public television industry standards. It begins with the collection of input from viewers and members of the community through letters, telephone calls and e-mail. Information related to viewing and pledging patterns and preferences is analyzed using both internal and external data. Informal data are collected from special interest groups and audiences at various meetings and events held throughout the year.

Based on this information, programs are screened, evaluated based on predetermined programming guidelines, and then selected. If existing programs cannot be found to address audience interests and needs unique to Idaho, the network attempts to address them through local productions or by contracting with independent producers.

Programs are then scheduled based on an analysis of the program content and availability of potential audiences. Information about these programs is disseminated through various media. This information describes when specific programs have been scheduled, what the programs are about, and what to expect in terms of audience suitability. (See [Appendix D—IDPTV Program Decision Making Process](#).)

Services

Idaho Public Television is on the air 24-hours-a-day, seven-days-a-week, broadcasting more than 8,700 hours of programming a year. Of these hours, 37% are programs designed to teach basic skills to children; 21% are news, business and public affairs programs; 14% are provided for formal instruction; 14% relate to the arts and humanities; 7% teach informal skills and hobbies; 6% cover topics related to nature, science and health, and 1% do not fall into any easily identifiable category.

Included within the above-mentioned programs are more than 50 hours of IDPTV produced programs including *Dialogue for Kids*, *Outdoor Idaho*, *Idaho Reports*, *Idaho Debates*, public affairs program specials, an *Idaho Teacher Technology Training Series*, and several locally produced documentaries. This

does not include programs acquired from local, independent producers.

In addition to its broadcast program schedule, Idaho Public Television also provides more than 700 hours per year of interactive college and university video instruction to campuses around the state via its statewide microwave system.

The network devotes a significant amount of its resources to providing educational programs and services, both on and off the air. It employs three part-time Early Childhood Educators who present workshops to parents and caregivers. It has given away more than 79,000 books to children around the state, broadcast in-class programming for K-12 school children and professional development resources for K-12 teachers. Its "Learn" web site (<http://idahoptv/learn/>) provides links to web pages for broadcast programs, teacher and parent guides, and interactive on-line activities for children. The network also broadcasts several adult-education series, including for-credit and self-enrichment courses and materials.^[3]

Competition

Bornstein & Associates reviewed the competitive environment in which Idaho Public Television operates to determine if, as some critics have claimed, the service may no longer be needed given the growth and services provided by other media, or if it is competing unfairly with commercial alternatives. It concluded that neither of these assertions is true.

There are 59 newspapers, 10 commercial television stations and 123 radio stations in the State of Idaho.^[4] None of these media provide a statewide service comparable to that provided by Idaho Public Television. IDPTV currently reaches 97% of the households in the state with its broadcast signal. Cable television reaches 57% of the population statewide, and 49% of the residents of Boise. Home satellite dishes are owned by 10.5% of the population.^[5]

Many of the types of programs that were previously seen only on public television (arts, science, history, and how-to-do-it programs) are now being offered on specialized cable and direct broadcast satellite channels. However, to view these programs cable subscribers must pay an average fee of approximately \$30 per household per month.^[6] Cable services do not serve the entire state, and do not produce local programming. Idaho Public Television costs the taxpayers of the state approximately \$1.50 per year per person.^[7]

Performance Measures

Idaho Public Television uses various indicators to measure the performance of its services. One of the key measures is the size of its audience as reported by independent ratings services such as A.C. Nielsen, as well as an analysis of the data by TRAC Media Services.^[8] According to the data, more than 320,000 viewers watch Idaho Public Television each week. In May 2000 IDPTV was ranked the #1 public television station in the country in terms of viewers per capita, and it had the largest audience growth of any station in the country between May 1999 and May 2000^[9]

Another key indicator monitored by IDPTV is the amount of money received from contributors. Currently fundraising is at an all-time high in all categories of giving including individual memberships, matching funds, underwriting and corporate support.

The network measures its local productions against peers based on awards received. In 1999 it received more than 30 national, regional and state awards for these programs. Local productions are also offered for sale on videocassette. Increasing sales of these programs is another indicator of the success of these programs.

Other indicators of the impact of its services include the number of visitors to the network's web site (approximately 30,000 per month), the amount of press coverage the network receives, and the number of

positive and negative letters, telephone calls, and e-mail messages received.

Controversial Programming on Public Television

Public Television Programming Policies

Public Television's mission is "to bring Americans the highest accomplishments of our society and civilization in all of its rich diversity, to permit American talent to fulfill the potential of the electronic media to educate and inform, and to provide opportunities for diverse groups of the American people to benefit from programming unavailable from other sources."^[10] Given that mission, it is not surprising that many of public television's programs are deemed controversial.

In order to govern its programming processes and provide guiding principles for people working in the industry, public television adopted two major policies. They were the "Statement of Policy on Program Standards and Practices," originally adopted in 1971, and the "Document on Journalism Standards and Guidelines," adopted in 1972. In 1987 a blue ribbon committee of journalists, academics, and broadcasting professionals reviewed these two documents^[11] and combined them into a single document call the "Public Broadcasting Service Program Policies." (See [Attachment E—Public Broadcasting Services Program Policies](#).) These policies guide the programming decision-making processes of both the Public Broadcasting Service (PBS) and Idaho Public Television (IDPTV).

These policies are organized around four fundamental principles: diversity, editorial integrity, program quality, and local station autonomy.

The principle of *diversity* underscores public television's belief that the public interest is best served by ensuring that a diversity of programs, subjects, audiences, producers, viewpoints, formats and production techniques are including in its schedule.

The principle of *editorial integrity* is based on the fact that public television stations have been entrusted with public resources to operate on behalf of the American public. This trusteeship carries with it an obligation to ensure that its programming processes are shielded "from political pressure or improper influences from program funders or other sources."

The principle of *program quality* recognizes the need to provide high quality programs that appeal to a wide variety of interests. Numerous artistic, informational, journalistic, technical and other standards are used to ensure this quality.

The principle of *local station autonomy* recognizes that local stations are in the best position to ascertain and respond to the needs of local audiences. Consequently, while PBS can make a wide variety of programs available, only the local station can decide which programs it will air.

The two principles that have caused the greatest concern within the industry over the past several years are public television's commitment to diversity and editorial integrity.

Program Diversity

Public television's commitment to diversity means that it is dedicated to ensuring that its programs reflect a full range of ideas, opinions, and interpretations, including issues, viewpoints and perspectives that might be outside society's existing consensus or unavailable through other media. This commitment is rooted in the belief that sound conclusions will ultimately prevail as long as there is unfettered access to information from diverse sources. Given the depth of feeling associated with controversial issues, many of these programs provoke disagreement among some members of the viewing audience. As a result, there

have been repeated attempts, at both the national and local levels, to prevent public television from airing programs that deal with controversial issues such as Vietnam, communism, colonialism, the environment, nuclear power, homosexuality, religion, and United States policies in various parts of the world.

Editorial Integrity

Efforts to influence public television programming decisions have inevitably led to renewed efforts on the part of the public broadcasting industry to ensure that its programming processes are free from improper influence and undue political pressure. Additionally, Congress attempted to address this issue in 1975 when it established a mechanism to provide public broadcasting advance-year funding to help insulate specific program decisions from the annual appropriation process.^[12] While it recognized that government officials were entitled to speak their minds about individual public television programs, Congress took the position that these same individuals should not be in a position to influence editorial decisions by threats to cut off funding. The forward funding mechanism has been reasonably successful at the national level at separating program controversy from funding appropriations.

Such a mechanism does not exist at the local level—with some notable exceptions, such as in the state of Oklahoma. It passed a statute that states that any “...attempt to influence or direct the program content or programs shown on public television by an elected official or his representative for the purpose of personal gain or political benefit, direct or indirect, shall be unlawful and ...violation of this section shall be a misdemeanor punishable by a fine not to exceed One Thousand Dollars (\$1,000) or imprisonment not to exceed one (1) year, or both.”^[13]

Public television stations licensed to state governmental entities have been particularly vulnerable to efforts to influence program content. This is because the law is unclear about when public broadcasting stations licensed to governmental entities are acting on behalf of the state. If stations are considered “state actors” they are vulnerable to programming challenges by viewers and may not be protected from state officials. Even if individual programming decisions are protected, the law does not prohibit state officials from using their power to cut their funding.^[14]

This concern led the General Managers and Board Chairs from 18 public broadcasting organizations licensed to state governmental entities to convene a conference in November 1984. The purpose of the conference was to define a consistent and universally applicable policy on the question of editorial integrity. The three-day conference was sponsored by the Johnson Foundation and facilitated by the Southern Educational Communications Association (SECA), with financial support from the Corporation for Public Broadcasting (CPB).

One of the key issues discussed at this conference was the language in the Fifth Circuit Court of Appeals' decision regarding *Muir v. Alabama Educational Television Commission* (AETC). This case was the result of a viewer suit against AETC after it cancelled a scheduled broadcast of “Death of a Princess” in 1981. The ruling in *Muir* was favorable to AETC, but language in that decision also held that such public broadcasting organizations, as “state instrumentalities,” are “without the protection of the First Amendment.” Additional analysis of this question concluded that many of public broadcasting's rights are “unclear,” analysis of them is “a tangled web,” and that the law concerning these rights is “murky.”^[15]

After considerable discussion and deliberation, the participants in the Editorial Integrity Conference concluded that the question of editorial integrity was more than just a legal issue. They asserted that strong leadership by trustees and solid management by CEOs was probably the most effective way to insulate the licensee from difficulties caused by undue influence on programming decisions. They defined undue influence as “any direct or indirect influence that seeks to leave the person with the assigned responsibility for programming decisions no alternative but to comply.” At the conclusion of the conference it was agreed that, at the very least, public broadcasting needed a sound and consistent policy that state network boards and commissions could adopt and apply to assure the independence of editorial decisions and the operations of their organizations.

The participants elected a steering committee to implement their recommendations. The steering committee's first action was to draft a *Statement of Principles of Editorial Integrity in Public Broadcasting*. (See [Appendix F—Statement of Principles of Editorial Integrity in Public Broadcasting](#).) The *Principles* were distributed to industry members in May 1985. Idaho's State Board of Education was one of the original endorsers of these principles. The Board reaffirmed these principles as an integral part of its revised Governing Policies and Procedures in August 2000.

The effectiveness of the *Principles of Editorial Integrity* has been mixed. In those organizations where there is a strong, independent board of directors, the *Principles* have been useful guidelines. In other situations, where boards are state agencies with responsibilities other than public broadcasting, or where the majority of the members represent other state agencies, board members have often been reluctant to speak out against attempts to influence programming decisions—especially if those attempts are made by members of the legislature that could influence future funding decisions for public broadcasting or the organizations they represent.

Controversial Programming on Idaho Public Television

Over the years Idaho Public Television has received many comments—both positive and negative—from viewers about programs it airs. This is a normal and expected consequence of being in broadcasting business, whether commercial or public. Typically complaints are in the form of telephone calls and letters, and occasionally they appear as editorial comments in other media. The issues raised by viewers are among the many factors taken into account in future program creation, acquisition, and scheduling decisions.

Occasionally, however, concerns about program content have resulted in the expression of significant public concern, and in at least two situations, legislative action. The most notable of these legislative actions occurred in 1981 and in during the past year.

In 1981 the Idaho legislature reduced funding for the three public television stations in the state in response to concerns that had been raised about the airing of two documentaries produced by station KUID: *Cedar Thief* and *Kellogg: The Best to You Each Morning*. The first program was critical of the state and the U.S. Forest Service, as well as the Potlatch Corporation, for alleged irregularities in scaling practices, timber sales procedures, and actions that were reportedly driving small independent operators out of the timber business. The second program was critical of the business community and others in Kellogg and Bunker Hill for downplaying the significance of lead levels in children of the Silver Valley.

Adverse public reaction to the reduction in funding for the three stations was also strong. In response, the legislature restored some of the network's original funding, but it required that all three stations be merged under a single manager in Boise who would report to the State Board of Education.

In the fall of 1999, and in the summer of 2000, Idaho Public Television aired two other programs that caused significant public and legislative reactions. The programs were called *It's Elementary* and *Our House*.

On Tuesday, September 7, 1999 at 11:00 p.m. Idaho Public Television aired a program called *It's Elementary—Talking About Gay Issues in School*. This program was a one-hour documentary that chronicled how some public and private schools in several states are dealing with gay issues in the classroom, specifically name-calling and harassment. The film was first released in 1996 and, according to the program's press release, "has been included in over 500 teacher-training programs, and is used by the Chicago School System as mandatory training for all of its teachers." KQED-TV (San Francisco) distributed the program nationally through American Public Television (APT).

Some national and local religious organizations that had received advance information about *It's*

Elementary launched a campaigns to inform their constituents about the contents of the program, and to encourage people to contact their local public television stations to oppose its airing. The president of the Evangelical Ministers Association of Idaho Falls, Thomas Baird, reflected many of the objections to the program in a letter to the Idaho Falls *Post Register*:

“*It’s Elementary* is an inappropriate attempt to insert the gay lifestyle into classrooms of our most vulnerable citizens—elementary students! If you view the video, you will come to this same conclusion... It skillfully molds children into acceptance, and promotes opposition to morals and principles that may be taught in the home. This video undermines parental prerogatives and responsibilities.

“In the world of *It’s Elementary* tolerance is extended to everyone except those who find homosexuality repugnant. Conservative standards voiced in the film are worded by those who don’t believe them. Consequently, those beliefs emerge as caricatures. People with traditional views are characterized as ignorant.

“The issue is presented with the view that there is no right or wrong!

“Do you want these things to be part of your children’s education? Your grandchildren’s? Schools are for other pursuits than advocacy of lifestyles offensive to most Idahoans.”^[16]

It’s Elementary was originally scheduled to air on IDPTV at 10:00 p.m., but was moved to 11:00 p.m. at the request of Governor Dirk Kempthorne. The program contained a TV-PG rating announcement, and was preceded by the network’s standard viewer discretion announcement that read “The following program may contain material objectionable for some family viewing. Viewer discretion is advised.”

Because of the press attention that was generated prior to the airing of the program, the program was also preceded by an on-camera announcement by State Board of Education member Karen McGee. She said that the program did not represent the view of the State Board of Education members, nor had the State Board of Education approved it. She stated that the program was not intended for children, nor was it part of any approved school curriculum. She concluded by saying, "If after viewing this program you have strong opinions one way or another, you will be in a better position to work with your local school board and have your voice heard on this very sensitive subject.”

On Thursday, September 9, 1999, at 9:00 p.m., Idaho Public Television produced and aired a one-hour, live, call-in *Dialogue* special on the issues raised in *It’s Elementary*. Guests on the program included Ed Vitagliano of the American Family Association, Tupelo, MS; Travis Riggs, Idaho Youth Network; Ryan Kirby, New Plymouth School District; and Connie Collin, Idaho Counseling Association. Representatives of the Idaho Family Forum and the Idaho Christian Coalition were invited to participate in program but they declined to do so.

Several months later, on Tuesday, June 6, 2000 at 10:00 p.m., Idaho Public Television aired another program called *Our House: A Very Real Documentary about Kids of Gay and Lesbian Parents*. This program was a one-hour documentary that profiled children with gay and lesbian parents. It included first-hand accounts of life in these nontraditional families. One of the families profiled in the program was from Eastern Idaho. The Public Broadcasting Service (PBS) and The Independent Television Service (ITVS) distributed the program. The program contained a TV-PG rating announcement and was preceded by the networks’ viewer discretion announcement.

According to PBS Research, 103 stations in the public broadcasting system aired *It’s Elementary* and 128 aired *Our House* between June 1999 and December 2000.^[17] No other station received the level of public reaction that occurred in Idaho.

According to Ron Pisaneschi, Director of Broadcasting for Idaho Public Television, “It would not be an understatement to say that these two programs caused more heated reaction than any other programs we have aired in the past 20 years. More than 2500 people contacted us about *It’s Elementary*, and several hundred more about *Our House*, either to criticize us for airing it, or praise us for doing so. Indeed we continue to receive reaction to these programs today.”^[18]

Mr. Pisaneschi added that “while we received significant criticism about these programs...we have been airing programs about homosexuals and gay rights for many years. Indeed, during the same 12-month period in which we aired *It’s Elementary* and *Our House*, we also aired Frontline’s *Assault on Gay America*, P.O.V.’s *Golden Threads*, *After Stonewall*, *Out of the Past* and P.O.V.’s *Licensed to Kill*. All of these programs aired with little or no complaints.”^[19]

In response to the amount of public concern expressed about *It’s Elementary*, the Idaho State Legislature included Legislative Intent Language in Idaho Public Television FY2001 Appropriation^[20] that prohibited IDPTV from broadcasting any program “which promotes, supports or encourages violation of Idaho criminal statutes.” It also established priorities for the selection of programming on the network based on a previous resolution passed by the legislature in March 1995,^[21] and it required that the State Board of Education monitor all programs on the network that might be controversial. In June 2000 the state Republican Party passed a resolution calling for the privatizing of Idaho Public Television.^[22]

The legislature’s action led to a backlash of public opinion from those who viewed the language contained in H.B. 768 as “creating an unconstitutional system of prior restraint.” In addition to numerous editorials and news stories, attorneys representing both the public and private media sent letters to the legislature and the State Board of Education urging them to rethink the implications of the bill.

Representatives of the Idaho State Broadcasters Association, the Idaho Press Club, the Idaho Newspaper Association and the Idaho Allied Dailies wrote: “We do not question the authority of the Legislature to set Idaho Public Television’s budget, nor do we question the authority of the State Board of Education, as the FCC licensee for Idaho Public Television, to set parameters for programs aired on Idaho Public Television. However, we strongly object to the inclusion of language in the appropriation measure that goes beyond this authority. In our judgment, the legislative intent language in HB 768 goes beyond the Legislature’s proper authority, by creating an unconstitutional system of prior restraint.”^[23]

Attorneys representing the Association of America’s Public Television Stations, the Public Broadcasting Service, and the Organization of State Broadcasting Executives wrote: “We are concerned that the constraints imposed by H.B. 768 subvert the historical independence of public television licensees protected by the First Amendment of the United States Constitution and the Communications Act of 1934. Implementation of H.B. 768 threatens to undermine the fundamental premises supporting a national system of public broadcasting.”^[24]

Following extended discussion and deliberation by the State Board of Education, it revised its Governing Policies and Procedures related to the Idaho Educational Public Broadcasting System to reflect the “intent of the Idaho Legislature as contained in 2000 HB 768.” However, it did not actually prohibit the broadcast of any programs “which promote, supports or encourages violation of Idaho criminal statutes.” Rather, it required the network to submit a draft copy of its monthly programming decisions to the board, and that the network air the following two announcements at least once each broadcast day:

“Events and depictions appearing on this Idaho Educational Public Broadcasting System...may at times show acts that, if committed in Idaho in reality, would be violations of Idaho criminal law. The Idaho Educational Public Broadcasting System and the Idaho State Board of Education expressly offer such programs as a part of IEPBS’s highest priority of programming and not for the purpose of promoting, supporting or encouraging the violation of any Idaho criminal statutes.”

“As a part of the Idaho Educational Public Broadcasting System highest priority of programming in broadcast (among other things; in-depth news coverage, documentaries and information valuable for Idaho citizens) some content may be controversial. IEPBS and the State Board of Education encourage families to exercise decisions as to values important to them to determine whether to watch any IEPBS program. In order to assist families in making the decision on about programming is available on-line, by phone and in writing.”

These disclaimers are required to appear in related programming materials including press releases and the web. (See [Appendix B—SBOE Governing Policies and Procedures](#).)

During its August 2000 meeting, the SBOE voted unanimously to authorize IDPTV management to research the possibility of conducting a study on the impact of privatizing the network. In September, the Corporation for Public Broadcasting approved a grant request from IDPTV for the funding needed to conduct such the study upon which this report is based.

Stakeholder Interviews

As part of its data collecting process, members of the Bornstein & Associates project team conducted extensive personal interviews with legislative leaders, members of the State Board of Education, corporate and community leaders, representatives of the media, Friends and contributors to Idaho Public Television (IDPTV), and citizens who had been active on both side of the discussion about the network’s programming and its status as a state licensee. The purpose of these interviews was to provide B&A with a better understanding of the range of opinions held by stakeholders concerning the issues and options being considered.

The staff of IDPTV, in consultation with legislative leadership and others knowledgeable about the issues, generated a list of approximately 80 names and addresses of representatives from the above-mentioned groups. B&A Senior Partner Ronald Bornstein sent a letter to these individuals inviting them to participate in a personal interview during the first week in November 2000.

A copy of the questions to be asked during each interview was included with this invitation. Invitees were assured that their views would be treated in confidence with no personal attribution, and that their comments and perspective would be analyzed and given full consideration by B&A during its analysis of the issues and options.

Fifty-eight individuals (See [Appendix G—Stakeholder Interviewees](#)) were interviewed. Those who were unable to participate in the interview process were sent a follow-up letter inviting them to send their written comments to Mr. Bornstein at their convenience.

The following summary is designed to reflect the range of personal perspectives heard by the interviewers, not to suggest any specific conclusions.

Summary of Responses

Remaining a State Agency

What are the pros and cons of Idaho Public Television's (IDPTV) retaining its current status as a tax-assisted state agency?

Pros

Of the 58 people interviewed, 20 identified advantages to Idaho Public Television remaining a state agency.

Eleven people mentioned that one of the greatest benefits of remaining a state agency was the funding provided by the state for some staff salaries and benefits. Several people expressed significant doubt that the network would be able to make up this funding through other means.

Nine individuals said that remaining a state agency would ensure the continuation of valuable programming. Some specific programs mentioned included educational and children's programs, coverage of the legislature, and *Outdoor Idaho*. One person noted that public television's association with the State Board of Education provides an opportunity to work more closely with organizations such as the universities, State Historical Society and other state organizations.

Seven people commented on the importance of continuing a statewide service. A commercial broadcaster commented, "Legislators need to decide whether they want to keep the state unified. This state is actually three states. Everything we can do to keep the state together is good." A resident of northern Idaho pointed out that "there is no other statewide media outlet – no statewide newspaper, television, or radio station. Idaho Public Television is it."

Some thought that public television was one of the most important services the state provides. In the words of one businessman: "For better or worse, there are some things that we must do in common through our government for the good of the entire community such as providing freeways and streets. To me, the information highway – of which public television is a part – is not just something that is nice thing to have. It is essential." Another person echoed this sentiment: "There are a lot of people who can't afford to pay for what they get, so the legislature helps provide funding on their behalf. This is the kind of thing the state should be doing."

Several people wanted public television to remain a state agency in order to "keep it accountable." Others noted that they liked the current arrangement and saw no need to change. A businessman said it was good for public television to remain a state agency because government is "inherently slow and clumsy." He noted that this forces public television to be more deliberate, which "helps to ensure quality."

Cons

Slightly less than half of those interviewed (25) identified disadvantages to Idaho Public Television remaining a state agency.

Thirteen people expressed the opinion that as long as the state provides funding for public television, some legislators will believe they should be able to influence what is aired. Among those expressing this opinion, some felt that this was to be expected; others thought that such attempts were totally inappropriate. A few individuals concluded that the legislature should not be expected to provide this level of oversight. Others were concerned that the legislature appeared to be discouraging the airing of diverse perspectives and viewpoints. In the words of one businessman: "Our system of government depends on free of expression of ideas – even ideas we disagree with or that may be held by people who are doing things illegally."

Eleven people thought that it was inappropriate for the government to be in the television business. Some noted that, by its very nature, the government is too slow or too whimsical. Others saw support for public television as promoting competition with the private sector. One person saw no need for the government to support this type of activity: "If there's good, viable programming worth watching, someone will sponsor it." Several people expressed concern about the ongoing cost of public television to taxpayers.

Five people thought that the State Board of Education was unable to provide appropriate oversight of public television because of its many other responsibilities. They pointed out that the State Board of Education is a small board that meets a few times and year to wrestle with major issues related to the three universities, four colleges, several agencies and all of K-12 education. In the words of a Boise businessman, "They simply don't have the time to deal with PTV."

Becoming a Nonprofit Organization

What are the pros and cons if IDPTV's status was changed to a separate nonprofit organization?

Pros

Of those interviewed, 33 cited reasons why it might be useful to consider changing the status of IDPTV to a separate nonprofit organization.

The largest group of those supporting a change in governance (18) expressed the opinion that becoming a separate nonprofit organization would give IDPTV greater independence in its decision-making. A member of the legislature noted that there appears to be two different groups interested in privatizing public television. One group consists of those who want to get the legislature out of making programming decisions, and the other consists of “certain legislators who want to get rid of nagging and recurring programming problems that cause heat in their districts.”

The next largest group of interviewees supporting privatization (9) thought that such a move might even benefit public television financially. Although they recognized that replacing the funding now provided by the state would present a significant challenge, they felt that it could be done. One person said, “You can make a stronger case for fundraising without the state than with it. In fact, a lot of people have told me that they would contribute more money if IDPTV went private.” A few people thought that it would be a challenge to maintain a statewide service. However, a communications director for a private company saw the concept of maintaining the existing statewide service as “a real marketing opportunity.”

Another group saw the move to a community organization as an opportunity to create a more effective governing board. There was high interest in ensuring that such a board would represent a wide range of perspectives and political views, as well as geographic diversity. Such a board would not only set policy, it would assist with fundraising. A member of one of the existing Friends’ Boards recommended that a new board “...be free of the kind of political interference that we currently have from legislators who react to programming brush fires. As a non-state organization we may still have the brush fires, but we would also have a board that could deal with such issues from a knowledgeable perspective. People may choose not to contribute if they don’t like what we do, but a good board can deal with that in a reasoned manner.”

One person who was upset with the decision to air programming about gay lifestyles said that he favored privatization because he didn’t think the state should be supporting public television, nor did he think the state should be in the business of deciding which programs should or shouldn’t be on public television.

Others made some specific suggestions about how the transition from a state agency to a nonprofit community organization should take place. Three people recommended that the state contribute to an endowment; another person suggested that the state “develop a transition plan with a fallback contingency plan. If, after a year, they aren’t making it, they should be able to reconsider the plan.”

Cons

Forty-one interviewees^[25] expressed concerns about changing the status of IDPTV to a separate nonprofit organization.

The concern expressed most often (23) was whether or not it would be possible for a new organization to replace the funds currently contributed by the state. Contrary to some of the opinions expressed earlier, one legislator said that he thought people would be less likely to give to public television if it was not identified with the state. Concerns were expressed about public television having to increase its on-air fundraising, becoming “more commercial,” and competing with other non-profit organizations for contributions. A public relations professional noted, “If there is controversy, people will steer clear. There are many opportunities to give to other causes.”

Twelve of those who opposed the idea of “privatization” expressed concern that public television would not be able to maintain the level of services it currently provides. The opinions of several supporters of the

current arrangement were reflected in the comments of a former public official who said: “PTV furnishes essential state perspectives with its state-oriented local programming. I’m concerned that loss of core state funding and a change to a private nonprofit entity would cause IDPTV to withdraw from that focus and become more of a pass-through of national programming – losing its Idaho identity and program services for and about Idaho issues.” Others echoed the sentiments of an educator who expressed the belief that if it lost state funding, “...IDPTV would not be able to support its multiple transmitter sites and northern Idaho would end up being served by Washington, eastern Idaho by Utah, and that IDPTV would revert to a Boise operation.”

Eleven others were uncomfortable supporting the idea of a new non-profit organization without knowing how the board would be appointed or who would be on it. Some were concerned that the appointment of a new board would be politicized. Others feared that the board would be controlled by large contributors, and that it would not be broadly representative.

One individual currently active in IDPTV’s Friends organization pointed out that, even if IPDTV was to become a non-profit organization, “...the types of programs that caused a stir recently will continue to be aired and people will continue to complain.” A state senator observed that privatization would not address the larger issue of one group of people “trying to dictate what Idaho’s citizens should see, hear and think.” A public policy professional noted that privatizing public television would be an embarrassment to the state – “one more slap at Idaho as a place to live and prosper.”

Concerns were reiterated about the impact of a new non-profit organization on the fundraising activities of other community groups. Several individuals wondered how the mission and management of a new organization might change under a new governance structure.

Major Obstacles and Problems

If such a change did take place, what would be the major obstacles and problems in the transition from a tax-assisted state agency to a separate nonprofit organization? How might such obstacles and problems best be resolved?

The majority of those who responded to this question (29) indicated that much would depend on what action the legislature takes on this issue. Most assumed that there was not a strong movement in the legislature to divest itself of public television. A few people made reference to the Republican Party platform resolution calling for the legislature to divest itself of public television, but they were unsure how much weight it would have in legislative deliberations. Some felt that the legislature was concerned enough about the issue that, as one of its members said, “It will want to extract something from IDPTV, (such as) ...carefully crafted procedures and policies that are reviewed and approved by the Board of Education as guiding policy.”

Another legislator commented, “IDPTV has not provided legislators with a clear and defined vision, mission and goals statement. This body of information will be a critical part of legislative consideration of this issue.” He personally believed that public television’s primary purpose was “to assist in teaching in the classroom, provide information and education to the public at large, and to reflect and communicate the culture of the state.”

When asked to propose possible solutions to this issue, several individuals suggested that it might be helpful to engage the services of a neutral mediator to assist IDPTV and the legislature to address specific issues, rather than taking the drastic step of divorcing the station from the state.

Concerns were expressed about the current process of providing oversight for public television through the State Board of Education. One businessman said that, in his opinion, “The State Board of Education has done a very poor job in governing the process. I don’t believe they’ve taken responsibility for the job they

have.” A member of the board admitted that, given the scope of its work, some issues may not be given the attention they deserve.

A public television contributor said, “We need to ensure that public broadcasting continues in the state and that, whatever system is decided upon, management has the right to make program decisions without outside pressure. Governing boards should provide guidelines, but they should not control individual program decisions. We need to have a board overseeing public broadcasting that understands this – whether it is a state board or a public non-profit board.”

Two questions were asked multiple times by those interviewed about a future governance structure: (1) Who will be represented on the Board? (2) Who will decide who serves on the Board?

Most of those who attempted to answer these questions themselves focused on the need for broad representation. One person suggested: “If there is a shift from a state licensee, then the new governing board should reflect a matrix of urban/rural, northern Idaho, south central Idaho, and eastern Idaho.” A former elected official recommended that the majority of the board represent the public, and that the Chair of the Board of Education and the State Superintendent should also be members. A public relations professional suggested that the decision about how the board should be constituted should be made through “...collaborative discussions between public television, legislators and the Board of Education.”

Several people (14) reiterated their concerns about the financial impact of moving to a nonprofit organization. A businessman observed, “The major obstacle will probably be money. In a state of only a million people, not all of which are public television contributors, it may be very difficult to make up for what the state is now contributing. The economy in rural Idaho is in trouble. We are at a 30-year low. This may not be a good time to try to raise extra money. Costs are going to go up, so you are not only losing what you get from the state today, but the increases the station will need in the future.”

A businesswoman reiterated this concern, pointing out that she is part of a group that has been developing a list of capital campaigns currently underway. “There are 32 going on right now. With mergers and outside companies taking over, it’s a large funding challenge. I think IDPTV can find the resources, but it may be more expensive and take longer. They are fortunate in that they have a solid base of consistent givers.”

Some of the possible solutions that were suggested to address the projected funding problem included: marketing local programs more aggressively; partnering with other organizations; having the legislature provide a large, lump-sum appropriation to aid in the transition; expanding underwriting; ending IDPTV service to economically unfeasible areas; and adopting a more “popular” programming line-up.

Many of those interviewed were either confused about the meaning of the word “privatization” as it might be applied to public television, or they thought others would misunderstand this term. For many people, the word “privatization” was interpreted as “commercialization.” Several people suggested that, before public television can become a separate nonprofit organization, it must help educate people about what this process entails. One public relations professional suggested, “IDPTV needs an extremely savvy media effort to make sure that moving in the direction of privatization does not become a media circus. It needs to assure people it will continue providing the same programming. It needs to work closely in a strategic and positive way with the media. It should view this time as an opportunity.” Another community leader recommended that public television should “...immediately involve the business community. Do focus groups. Have lunches to discuss the big picture. Get them involved in helping to raise money, and influencing the legislature. Do coalition building.”

Four people expressed concern about how moving out of the state system might affect employee benefits. One state employee said he did not believe the legislature would grandfather the employees in the state system, even though there are precedents for doing so. Another state employee had a different perspective. He thought that this had been done with the State Insurance Fund and that it might be possible for public

television to be treated in a similar way. A local businessman thought the state retirement system was inadequate, and that employees would be better off out of it. A member of the Friends believed it would be possible for the station to raise enough additional money to create its own employee benefits package.

Transfer of Facilities and Equipment

If public policy makers decided on a change of status to a new non-profit entity, should the state transfer IDPTV's current facilities and equipment to the new entity?

Of the 34 interviewees who responded to this question, 22 thought the state should transfer IDPTV's current facilities and equipment to the new entity. The remaining 12 individuals were unsure how, or if, such a transfer could be made.

Among those who supported the idea, several expressed the belief that transferring current facilities and equipment would be the only way to keep public television financially viable. Others indicated that if the state decided to get out of the public television business, there would be no need for it to retain control of the equipment and facilities. A state legislator stated familiarity with how Hawaii Public Television moved from a state to a community licensee noted that: "Hawaii transferred the assets to a nonprofit foundation attached to the Department of Commerce in the state with the provision that if the foundation ends, title of the equipment would revert back to the state." He went on to point out, "Hawaii made the change because of hard economic times and the state saved \$700,000."

A state employee observed, "According to state law, if the assets of IDPTV were transferred, there would either have to be an exclusion written into the bill or the transfer would be subject to the state's surplus property laws that require assets to be declared surplus to the needs of the state and offered, first, to other state entities and then for sale at public auction." A representative from the Board of Education agreed with this assessment, but he added, "A bill could contain language to exempt the surplus act, but a transfer from the Board of Education of the assets would have to abide by the state constitution that prohibits 'local and special laws.' This would prohibit the Board from transferring the assets to a specific foundation. It would require the board to take bids from and select a non-profit Idaho foundation, but avoid language designating any single group."

A legislator thought that talking about shifting assets from the state was "placing the cart before the horse." In his opinion, it is more important for "IDPTV to define better its role and mission in the current technological environment and the coming DTV environment." He said that public broadcasting was operating in "a historical fashion and not in a contemporary manner." He believed it needed to change if was to continue doing business in the current technological environment.

Two of the individuals interviewed raised caution about the process of the state transferring equipment to the new entity. An IDPTV supporter said, "My first inclination is that the state should turn over all of the equipment to the new entity. The downside to this scenario is that the state might want to tie strings to this process. If the *quid pro quo* for funding were that the legislature gets to decide who is on the board, I would say we should try to find a way to fund the equipment on our own." A businessman suggested, "In exchange for having the assets transferred outright, IDPTV could give the state a segment of programming time. But IDPTV may not want to do that. The price may be greater than the value of the assets."

Continuation of Services

In addition to broadcast programming, IDPTV provides a number of other services to state government and primary, secondary and post secondary education, such as video conferencing, teacher training, instructional television, day care/preschool programming, etc. If IDPTV's current state agency status was changed, should it continue to provide these kinds of services and, if so, how should they be paid for?

The majority of those who responded to this question thought it was important to ensure that some of these services continue, especially educational services. Opinion differed, however, on how this should be done.

A number of people thought the state should contract with the new organization for these services. A Boise businesswoman said, "If IDPTV continues to provide these services then it should do so through a contract with the state, on a fee-for-services basis. If the state isn't willing to do this, public television should not step in and do it with no compensation. They could contract directly with the schools and universities. I don't think membership dollars should be used to subsidize non-broadcast services." A media executive agreed. He added, "If the state paid PTV for these services it could help reduce some of the cost concerns."

Some people suggested that the users of these services should pay for them. A businessman said, "(Non-broadcast) services should be taken care of as line items within state agencies. Agencies can decide to contract with public television to continue providing these services, or they can decide not to do them any longer." Some expressed concern, however, that unless the state helped to underwrite at least a portion of these services, local educational institutions would not be able to afford them.

A local arts executive pointed out, "The State Department of Education used to purchase the instructional programs and the stations ran them. I used to work at the department and provided instruction to teachers on how to use these programs. I know the schools themselves could not pay for them, so if they are going to be continued, someone is going to have to continue picking up the costs."

A public television benefactor suggested, "Another alternative is that school districts could pay for it with funds provided by the state. PTV could be divided into two different sub-organizations: one that airs programs paid for by members, and one that provides services funded by the entities that use them. This might take some of the sting away from the current controversy. Controversial programs could be funded through contributions. The legislature could fund services to education and the state."

A state representative questioned whether contracting with the state for these services would really free public television from attempts by the legislature to control programming. In her opinion, "It will still provide the legislature with influence and censorship potential, albeit through another route. As long as the legislature makes any investment, it will be able to impact IDPTV directly or indirectly."

Some of those interviewed were unsure how important these services were. A member of the Board of Education questioned how much the schools and students used the ITV services provided by IDPTV. The individual viewed video conferencing as a growing area, but thought that there was minimal use of the service at this time. He wanted to know more about how much business the station currently does and whether it is expected that such services will grow. A state senator who said he would have no objection to the state paying for such services echoed this same sentiment, but stated that he would like to have the value of these services to the schools documented.

Several people suggested that if the state was going to continue funding these services, they should be put out for bid. A local broadcaster noted that once all stations are digital, there may be other organizations that might be interested in providing them for a fee. In fact, he thought his own organization might be interested in providing such services on a subscription basis.

Funding the Transition to Digital Television

Since the Federal Communications Commission has mandated that all television stations must transition from analog (the current broadcast standard) to digital television by 2006 or lose their license, what obligation does the state have to fund this transition, estimated to cost over three years between \$11 million and \$13 million, of which approximately \$9 million has yet to be secured?

The majority of those interviewed thought the state should pay for the conversion to digital television. Some thought it had already made a public commitment to do so. A media executive said, "I think the state has already made a commitment to fund the DTV transition. They have already allocated \$2 million to get them started on this road. They would be silly not to honor this commitment. Even if the state decides to get out of the business, the transition to a community license will take several years to accomplish. By that time the deadline for transitioning to DTV will have passed. Given its current role, the state has no choice but to complete this process."

A Boise businesswoman echoed this perspective. "The state has an obligation to pay, or help pay, for DTV. It's been a partnership to this date and this isn't a new issue. Even IDPTV's biggest adversaries don't want to see it fail. IDPTV has been a good partner; they represent the entire state. They work very hard to bring the state together."

A representative of the Friends of Public Television expressed concern that if the state does not help fund the conversion to digital, IDPTV may cease to be a statewide system. "If the state spins us off, and they want to continue having public broadcasting in all parts of the state, they should pay for the transition to digital. If we have to pay for it ourselves, we could probably do so through bonding, but only for part of the state. It simply wouldn't be a cost-effective decision to pay for an upgrade to digital in those parts of the state that don't pay the bills."

A number of people noted that if the state were to help pay for digital television, this would be a great year to do so given the state's significant budget surplus. A legislative agency professional suggested that if this were done, "The state could give a lump sum for an endowment and IDPTV could either work off the earnings, or draw down the endowment over a multi-year period." However, he went on to observe "There will be a lot of pressure to use the surplus money for other purposes."

Others mentioned the idea of an endowment, including a prominent legislative leader who proposed an endowment of approximately \$22 million over a multi-year time frame so that the new organization could acquire DTV and have sufficient resources to operate.

Several legislators said that they needed more information about the precise federal mandate and the projected costs of digital television. One wondered why public television couldn't just lease time from commercial broadcasters once they go digital.

A member of the State Board of Education did not believe the state had any obligation to fund digital television and thought that it should be the responsibility of the non-profit entity, if one were created.

A newspaper executive pointed out that the proposed transition to digital television is an "unfunded federal mandate." He urged legislators and others to challenge such requirements. He said he would personally lead the fight to protect the state's licenses if the federal government tried to take them away.

Two commercial broadcasters suggested that public television should consider starting out with low power transmitters until more is known about the future of the technology. They differed, however, about how real the deadlines for making the transition were. One said he thought the deadline to take back the analog frequencies in 2006 would be pushed back. However, the other noted that "2003 is a real deadline, and yes, the state does have an obligation. The legislators have a lack of understanding of what's going on in our industry. If you don't light it up, you lose the license. Every licensee is mandated to go digital by 2003."

Other Considerations

Is there anything else that policy and decision makers should consider as they weigh the pros and cons of this issue?

Several people voiced their strong support for the current management of the network. However, several others thought it was poor judgment to air a second program about homosexuality given the negative press that resulted from the first program. A legislator characterized this action as a “lack of respect and responsiveness.”

Many of those interviewed reiterated either their opposition to, or their support for, public television’s decision to air specific types of programs. One former contributor to public television said, “If public television wants people to support it, then it shouldn’t air things that offend those who give money. It seems to me that the message was clear after the first program that was aired that this type of program is unacceptable. For the station to then turn around and air another one just like it was a very arrogant thing to do. For my part, there are enough other good causes to give money to that I will choose to give my money to organizations that appear to have their act together. This does not mean that I don’t think that many of the things on public television aren’t worthwhile and worthy of support. But an organization needs to listen to its constituents.”

Conversely, a current contributor to the network said, “The State Board of Education should be encouraging the airing of unpopular ideas and opinions. That’s a fundamental process of education. The only way you can truly understand your own position is to test it against other ideas.”

Others said they thought that this issue had been blown out of proportion. In the words of one media executive, “I don’t believe that this is a healthy discussion. It is driven by a small group of people. It simply reinforces stereotypes that people already have about the state because of the activities of another small group – the Aryan Nation. These are the same people who think we should have less government and more control over our own lives. And yet, here they are lobbying to get the government to control what the rest of us see. It doesn’t make any sense.”

A Boise professional said, “The biggest problem I see with this whole discussion is defining what the problem(s) is/are that we are trying to solve before we begin discussing the merits of specific solutions. The word ‘privatization’ is misleading. People think it means going commercial. Even the word ‘censorship’ is misleading. No politician would confess to being in favor of censorship. And yet, we bandy these two terms around as though they are commonly understood issues/solutions. They aren’t.”

There were very mixed opinions about the significance of attempts by the legislature to influence what programs were aired. Some thought the network exercised poor judgment and should have made program choices that were more sensitive to community concerns. One contributor commented: “In my opinion, management brought on these problems themselves. They had to know the reaction in this very conservative state as to what you can and cannot run in this state. Everyone doesn’t have a right to do whatever they damn well please.”

A few fundraising professionals reiterated their concerns about the potential loss of state funding. Some thought that IDPTV could replace these funds, albeit with considerable difficulty. Others thought that it would be impossible to do so.

Others felt very strongly, however, that the issue of direct or indirect censorship of programming decisions by the legislature was a critical issue that must be addressed. In the words of one businessman, “The only way we are going to remain a free society is to ensure that the silent voices of our society have a voice. If the legislature cannot do this, then they should turn the responsibility over to an organization that can.”

Some questioned whether public television was really needed given the Internet, cable, and direct broadcast satellites, all of which are providing “look-alike programming.” Others disagreed. In the words of one resident from northern Idaho, “It is critical to remember that the only real access that the rest of Idaho has to the legislature is through PTV. It is also the only way we have of ensuring educational access on a statewide basis. There is no north-south interstate. PTV is the only real ‘interstate highway’ we have.”

B&A thanks all those who participated in the interviews for the time, effort, cooperation, candor, and perspectives. In turn, those perspectives have been summarized in this report without personal attribution or value judgment.

PTV Governance Models

Public Broadcasting Licensees

A variety of successful public broadcasting governance and organizational structures exist throughout the United States. The Corporation for Public Broadcasting (CPB) has identified four categories of licensees for the purpose of reporting financial data. The percentage of this different licensee types in the industry are: Community (50%), University (34%), State (12%) and Local (4%).

Boards of Directors

Board members of public television stations play a critical role in the success of their organizations. They are ultimately responsible for maintaining the trust placed in the organization by the Federal Communications Commission when it granted the station a license to use the public airwaves. The board's collective judgment can have a significant impact on how the public perceives the station and its ultimate success in the community.

Board members are appointed differently depending on who holds the license. Even within a particular license type there can be differences, as in the case of state licensees. In some states board members are identified by statute. In others they become the board of directors for a public television station or network because they work in the area of state government where responsibility for public broadcasting is lodged. In many community organizations board members are self-selected, based on criteria contained in the licensee's by-laws. In some cases board members are determined by a mixture of all of the above methods.

The responsibilities of board members also vary depending on the organization. In almost every situation, boards of directors are responsible for setting policy, maintaining effective relationships with the public, protecting the editorial integrity of the organization, overseeing the activities of the CEO, and evaluating the organization's plans and accomplishments.

There are some significant differences, however, between the boards of state agencies and those of community organizations. State agency boards often consist of a mix of public members and ex-officio members. Sometimes they are responsible for more than one organization, such as in the case of a State Board of Education or a Board of Regents. Ex-officio members are, by definition, on the board because they represent another organization.

Boards of Directors of community-licensed stations, on the other hand, are typically asked (or elected) to serve on the board because they represent one or more aspects of the community and cultures that are served by the station. In fact, the Federal Communications Commission requires that the membership of a non-institutional board of directors be "broadly representative of the educational cultural and civic groups in the community." In addition, community boards may deliberately look for members with expertise in areas that will assist the organization in such things as fundraising, investment and money management, legal affairs, accounting, etc.

Board members of community-licensed stations are usually expected to assist the station in its fundraising efforts, both through personal contributions, as well as by opening doors within their communities of interest and expertise. This responsibility is very important for any organization that is primarily dependent on raising the majority of its revenues from within the community.

Cultural Differences Among Licensee Types

There are significant differences among the “cultures” of different licensee types. Unlike state, university or local authorities, community licensees have to raise a much greater percent of their funding from private sources. While it is true that the other licensee types are depending more and more on private contributions for the majority of their funding, they typically receive more “in-kind” support from their licensees such as rent subsidies, utilities and administrative services.

The financial insecurity of a community licensee tends to make them more aggressive in their fundraising, and more entrepreneurial in their activities and in the type of employees they attract.

State, university and local authority licensees tend to provide more “secure” environments for their employees. Their personnel rules and regulations must be applicable to a wide range of employees in many different disciplines. Such rules are usually very detailed, very process oriented, and very protective of the rights of employees. Consequently it is not only harder to hire new employees, it is harder to discipline or fire them.

Similarly, state, university and local authority licensees typically have rules and regulations related to the purchasing of goods and services that are very detailed, and sometimes, very cumbersome. These regulations are also designed to be broadly applicable to many different types of activities, and they are usually focused more on protecting the institution from inadvertent or deliberate harm than on facilitating the purchasing process. This makes it harder for these license types to respond to the more fluid broadcasting environment that is present today.

The personnel and procurement rules under which community-licensed organization operate are typically far less restrictive. This is because these organizations are usually much smaller than public institutions, and they need much more flexibility if they are going to be competitive in an entrepreneurial environment.

There can also be very different levels of expectations in community stations than there are in institutional licensed stations. Given their dependence on entrepreneurial activities for a significant portion of their revenues, community stations often expect decisions to be made faster, projects to be more focused, and employees to take greater personal responsibilities for the health of the entire organization than their institutional counterparts.

As will be discussed later, these cultural differences can result in a significant period of adjustment for organizations that move from one licensee type to another.

State Involvement in Public Broadcasting

State governments are involved in public broadcasting in many different ways. Many hold the licenses for public broadcasting stations, although others participate in public broadcasting by providing funding to stations to which they do not hold the license, or through some type of coordination role, such as overseeing the instructional television services aired on stations.

Out of 177 public television licensees that were funded by the Corporation for Public Broadcasting in FY99, 21 were licensed to the state (or territory) in which they operate. They are:

Alabama, Arkansas, Georgia, Hawaii (transferred to a community licensee in July 2000), Idaho, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Nebraska, New Jersey, Oklahoma, Rhode Island, South Carolina, South Dakota, Tacoma, West Virginia, Wisconsin, American Samoa, and the Virgin Islands.

Additionally, there are seven public television licensees that are licensed to a community or a university, but function as state licensees. They are:

Connecticut (community), Maine (community), New Hampshire (university), North Carolina

(university), North Dakota (community), Oregon (community), and Vermont (community).

Those states that provide direct oversight of public broadcasting licenses usually do so through an independent agency or through the offices, bureaus, or departments of existing agencies. Independent agencies are usually government-chartered corporations or statutorily defined authorities and commissions. Existing state agencies include state departments of education, universities, governor's offices and state administrative agencies.

Several states provide funding for stations that are not licensed to the state itself. This is often done through an existing state organization that then distributes the money to the eligible stations, although a few fund stations directly. Different methods are used for allocating funds among existing stations. Some states divide a single grant equally among all licensees in the state; others use a formula that provides incentive for local fundraising, local productions, or the size of the station's budget.

Several state agencies purchase airtime from public stations to air instructional programs on behalf of the schools in their states. Others provide funds directly to local school districts, which in turn, contract with their local public station.

In addition to providing funding for operational assistance, some states also provide grants to public broadcasting stations to replace equipment or to construct new facilities. The State of New Mexico, for example, created an educational television equipment replacement fund that the three public television stations could draw upon. All three of those stations are licensed to higher education institutions.

Some states have assisted in the construction of stations and then turned them over to the licensees for ongoing operation of the facilities. Others provide funding to their local public broadcasting institutions for specific programs such as live or tape-delayed coverage of their legislature, or the production of public affairs programs that are of statewide interest. Still others help fund interconnection systems for non-state-owned stations.

Most states have some reference to public broadcasting in their statutes. These references take the form of either policies and procedures related to those stations for which the state is the licensee, or regulations related to stations not licensed to the state government but which receive state funds.^[26]

Illustrative Governance Change Models

Over the past decade several organizations licensed to states (or state entities) have decided to become community licensees. Although every state is different, there are some similarities among these efforts that are summarized at the end of this section.

Vermont

Vermont Public Television became a community licensee in 1990.

Background

Vermont Public Television began broadcasting in 1967 and was licensed to the University of Vermont. Although the University is as an instrumentality of the state, it operates as a semi-private organization.

The decision to make the change from a university to a community licensee was driven by several factors. The university decided it no longer wished to use open broadcasting for instruction, and it was concerned about the impending need to raise significant capital dollars to pay for the conversion to digital television. Vermont Public Television saw the change as an opportunity to improve its flexibility and efficiency by removing itself from university approval processes, as well as to raise capital funds without having to compete with the university's priorities. Such a move would also eliminate the occasional perception that programming decisions by the network reflected official positions of the university. Although both

organizations agreed that the change would be beneficial, it took two and one-half years of study and negotiations to accomplish the change.

The New Organization

Vermont ETV, Inc. was created as a non-profit, 501(C)(3) organization in 1990. It holds licenses to six television channels that cover the entire state, as well as parts of New York, New Hampshire and southern Quebec. A 19-member board that is self-selected based on criteria established within its bylaws oversees the organization.

Existing Assets

The university transferred all equipment and facilities to the new licensee with two exceptions—the site of one transmitter and one building. These facilities were leased to the new entity on a 35-year lease for \$1,000 per year, with yearly increases based on parallel increases in the Consumer Price Index.

Impact on Existing Staff

Existing staff members were given a year to decide whether to stay with Vermont Public Television, or to compete for a job at the university. If the University hired them, they would retain all of their existing seniority. If they stayed with Vermont Public Television, the new corporation replicated all university benefits, including paying for tuition remission for staff children.

Continued State Support

The network negotiated an agreement with the legislature for some continued financial support in exchange for the network's commitment to continue statewide public and educational services. The state originally contributed approximately 20% of the network's budget. Today it contributes 10% of Vermont Public Television's \$ 6 million annual budget.

DTV Conversion

Vermont Public Television has requested a multi-year (5-7 years) capital appropriation equal to 40 percent of the total projected cost of conversion to digital television (\$13.2 million). To date the legislature has appropriated \$1.2 million its \$5.2 million request. According to John King, current General Manager of Vermont Public Television, "The major committees dealing with digital funding are supportive and understand the need, but are concerned with the lack of federal funding at this point."^[27]

Observations

According to Hope Green, former General Manager of Vermont Public Television during its transition, one of the biggest challenges of switching from a university to a community licensee was the management of cash flow. Previously the university handled payroll and accounts payable, as well as the cost of borrowing money. The new organization had no experience in these areas and no credit rating. She noted, "Finding a powerful community banker to work with us was a very important part of the transition." A related challenge was "the cultural change from being part of a large, safe-feeling entity to being a small, lean, entrepreneurial not-for-profit. It was like starting a new business in an old culture."

Ms. Green went on to say, "In retrospect, I think we underestimated two important things: the extent to which the licensee change would absorb management attention over the relevant period, and the time it would take for the organization to make the cultural change noted above. I would caution the Idaho team to be very careful in both of these areas."

Maine

Maine Public Broadcasting began operating as a statewide community license in 1992.

History

Up until 1992 public broadcasting in Maine was provided by two organizations—the University of Maine,

and the Colby-Bates-Bowdoin Educational Telecasting Corporation—a partnership between three private colleges in the state that operated WCBB-TV. The broadcast signals of the stations licensed to the two organizations overlapped in a significant portion of the state and both were carried on many of the cable companies in the state. As a result, they found themselves competing with each other during their on-air fundraising drives and in approaching potential underwriters. Management from the two organizations met and decided that a combined organization would be much more efficient. They worked out an agreement among themselves and presented it to the legislature.

New Organization

In 1992 the governor of the State of Maine signed into law “An Act to Improve Educational Public Broadcasting Statewide.”^[28] This act created a new community licensee called the Maine Public Broadcasting Corporation.

The board of trustees for the newly formed Maine Public Broadcasting Corporation include the chancellor of the University of Maine System; 3 members representing the Board of Trustees of the University of Maine System; the President of Bates College; the President of Bowdoin College; the President of Colby College; and not fewer than 8, nor more than 12, public trustees elected by the board in a manner prescribed in the corporation’s bylaws. Subsequently, the law was amended in 1998 to provide for two additional trustees appointed by the governor.

Existing Assets

The University of Maine and the Colby-Bates-Bowdoin Educational Telecasting Corporation transferred all of their public broadcasting assets and facilities to the Maine Public Broadcasting Corporation. Both organizations retained a reversionary interest in their assets for a 5-year period should the MPBC not survive.

Continued State Funding

As part of the legislation authorizing creation of the MPBC, the University of Maine was directed by the legislature to submit an annual funding request “for operating, constructing, equipping, maintaining, improving and replacing facilities of the new corporation...in amounts sufficient to ensure delivery of broadcast sources throughout the State.” Today the Maine Public Broadcasting Corporation has a budget of \$11.7 million, of which the state provides \$2.3 million (19%). It operates 5 television stations and 6 radio stations.

Impact on Existing Staff

The legislature protected the rights of employees of the network by requiring that any existing employees of the University of Maine’s public broadcasting operation at the time the legislation went into effect had to be offered an individual employment contract by the new corporation at a salary that was at least equivalent to the employees previous salary for one year. The new corporation was also required to offer these employees a benefit’s package equivalent to at least 20% of the annual salaries and wages of the employee group.

DTV Conversion

In November 1999 the Maine voters passed a \$9.4 million bond to partially fund Maine Public Broadcasting's conversion to DTV. In 1998 Maine Public Television received \$2 million as a state appropriation to begin funding this process. The bond issue does not leverage any federal matching money, but the network intends to raise a matching \$9.4 million from private sources. MPBC is currently broadcasting a pilot DTV signal on WCBB, Augusta.^[29]

Observations

Rob Gardiner, President and General Manager of Maine Public Broadcasting, indicated that the most important thing the two organizations did in developing an agreement concerning the new organization was to have the legislature include language in its authorizing legislation that specifies precisely what the role of the state will be in providing ongoing support. This language states that:

“The Legislature intends that the State support and provide funding...to meet the costs of delivering broadcasting services so that all the people of the State may share equitably in the advantages of public broadcasting, regardless of geographic location or economic circumstances.”^[30]

Mr. Gardiner said, “This language makes the role of the state very clear. They help to ensure that public broadcasting is available in those parts of the state that cannot afford to pay their own way. The state does not contribute funds to support programming, fundraising or administration. They support the infrastructure. This has allowed us to keep an arms length relationship concerning programming.”

Oregon

Oregon Public Broadcasting (OPB) became a community licensee in 1993 after nearly 72 years of being a state licensee.

Background

Originally OPB was housed within the Department of Higher Education. As the mission of public broadcasting changed from being primarily a medium for the delivery of instructional programming to one with a much broader public and cultural agenda, the directions of the two organizations diverged. As a result, in 1980 OPB became an independent state agency governed by an 11-member commission. The Speaker of the House and the President of the Senate each appointed three members of the commission, and the Governor appointed five.

During its early years, the majority of OPB’s revenue came from the state. This amount continued to dwindle until, by 1984, the state contributed only 24% of OPB’s total budget. As a result, OPB was forced to become increasingly entrepreneurial. Nevertheless, the state’s purchasing and personnel rules and regulations severely restricted these activities.

In the mid-1980s OPB created a foundation in conjunction with the initiation of a capital campaign to replace an outdated building and much of its equipment. Although the foundation initially had no permanent staff, a board of directors consisting primarily of community fundraisers and existing commission members oversaw its operation.

In 1990, the State of Oregon passed a tax initiative (Measure 5) that gradually reduced real estate tax rates over a five-year period (1991-1996) to a maximum of 1½ %. This had a significant impact on state revenues. Budgets of state agencies were reduced and limitations were placed on state hiring. OPB transferred 17 of its state employees to its new foundation and provided them with salaries and benefits commensurate with other OPB employees.

During the fall of 1991, the Governor convened a blue ribbon task force to evaluate reorganization possibilities to meet revenue shortfalls. This task force recommended, among other things, that OPB separate from the state. There was some resistance in the legislature, especially from those who believed that separation from the state meant OPB would become a commercial station, or that it would no longer be eligible to receive state funds. Nevertheless, following extensive educational efforts about the proposed separation, legislation was passed and signed by the Governor.

New Organization

The by-laws of the OPB Foundation and OPB Commission were merged and a new 24-member board of directors was created. The Governor of Oregon has the authority to appoint 20% of the board, and the

board selects the remainder of its membership using a matrix of criteria to ensure the board is both diverse and broadly representative. Members are also selected for their unique skills and ability to assist with its fundraising activities.

Existing Assets

The state transferred ownership of all existing equipment and facilities to the new commission. In the 1987-89 biennium the state appropriated \$4.3 million to support the capital campaign for a new building and equipment. It allowed the building title to reside in the OPB Foundation, so the building wasn't an issue during the separation process. The state recognized that not transferring the remainder of the equipment to the new organization might create significant financial problems since, in some cases, equipment was purchased with public and private monies, as well as federal grants.

Impact on Existing Staff

As part of the consolidation effort by the legislature it was agreed that existing state benefits would be the benchmark for the benefits provided by the new organization. Originally employees could chose to remain in the Public Employees Retirement System (PERS). Two years later, however, this was disallowed. All employees now participate in a TIAA-CREF retirement annuity plan.

Continued State Support

Currently OPB receives approximately 10% of its operating budget from the state. During the normal budget process, OPB submits a request to the legislature and describes how it will use any state funds. The majority of these funds are used for engineering infrastructure support and operating the state's Emergency Activation System. Budget priorities have changed over the years as state support has dwindled. At one time, OPB spent a portion of its state funding for instructional television activities. Today, those activities are partially funded by the school districts.

DTV Conversion

Oregon Public Broadcasting began its digital transition capital campaign planning in 1994, and initiated the "quiet part" of the campaign in 1996. To date, \$12 million has been raised towards a \$28 million goal. The network's "World of Learning" campaign goal is to receive \$18 million from private support and \$10 million from public support. Private support is currently more than \$10 million. To date, OPB has received \$800,000 from the Public Telecommunications Facilities Program of the U.S. Department of Commerce, and another \$1.2 million is expected over the next two years. The network has requested funding from the state and may receive funding from a rural telecommunications deregulation bill. If it does not receive state DTV transition support, it may have to delay the upgrading of some of its translators.

Observations

The transition from one licensee type to another in Oregon went relatively smoothly. According to Maynard Orme, the President of Oregon Public Broadcasting and the individual who guided the transition process, the success of the process was due to several important factors: (1) The OPB staff made a concerted effort to ensure that all stakeholders were well educated on the key issues. (2) The OPB Commission was unified in its desire to separate from the state. (3) There was a genuine willingness on the part of both legislature and key state executive staff to make the transition work. (4) It was a win/win situation for everyone involved, and OPB became a model for other state institutions interested in becoming 501(c)(3) organizations.

When asked to describe the most difficult aspect of the transition, Mr. Orme noted that state funds were cut from \$3.2 million to \$1.6 million per year over a two-year period. As a result, from 1991-92, OPB was forced to lay off 43 people to balance its budget. He stated that the transition would have been much easier if it had been spread out over a three- to five-year period.

On the positive side, Mr. Orme commented that OPB's new entrepreneurial spirit has made it an exciting place to work. Staff realizes that if OPB doesn't make its projected revenue budget, the state isn't going to

step in and save the organization. At the same time, the organization's freedom from state rules and regulations has made it possible to turn grant applications around more quickly, develop a wider array of production contracts, avoid unnecessary delays because of cumbersome approval processes, operate in a leaner fashion with project employees rather than full-time production personnel, and move more quickly to take advantage of potential revenue generating activities.

Hawaii

On July 1, 2000 Hawaii Public Television became a community licensee.

Background

Hawaii ETV Network began broadcasting in 1965 from the campus of the University of Hawaii. In 1972 the Hawaii State Legislature created the Hawaii Public Broadcasting Authority (HBPA). The licenses of KHET and KMEB were transferred from the University of Hawaii to the new Authority. The eleven-member HPBA board, all of which were appointed by the Governor, served as the network's Board of Directors and appointed the Executive Director. Over the next 25 years the network expanded its coverage of the islands through the use of 12 translators. Today it reaches 98% of the population of the state.

A downturn in Hawaii's economy in 1991 resulted in cutbacks for all state agencies. In 1993 the state's appropriation to Hawaii Public Television was \$2.8 million. By 1999 that amount had dropped to \$700,000, or approximately 14% of the network's total operating budget of \$5 million.

Similar to many other public broadcasting organizations facing budget reductions, Hawaii Public Television attempted to become more entrepreneurial, but its efforts were stifled by state rules and regulations. Among the most onerous of these rules were restrictions placed on certain types of fundraising practices, and the fact that all of its funds—including those that were raised from private donations—were placed in the state's general fund. Monies in this fund could be spent on activities or services totally unrelated to public broadcasting, although they never were. Procurement and personnel regulations often hindered programming and production efforts. Appropriated funds were often held in abeyance, spending limits were placed on certain budget categories, and periodic travel restrictions made it very difficult to plan or pursue "fast track" projects.

In 1996 the legislature instructed the HBPA to develop a strategic plan that would outline how it would transition to a community-based organization. The plan was accepted by the legislature in 1997. A bill was introduced outlining how the separation would be accomplished. Although there was some resistance to the proposal, especially by some of the network's unionized employees, an extensive education and lobbying campaign was undertaken by management and the contributors to Hawaii Public Television, and the bill was passed.

New Organization

The Hawaii Public Television Foundation, a private not-for-profit community organization, was created immediately following the passage of the separation bill. A board of 25 community leaders (expandable to 32) will oversee the foundation. Five of the previous appointees to the authority board were made members of the new foundation board in order to ensure continuity. However, new members to the foundation board will be selected in a manner to ensure broad representation from the community, as well as to ensure that the board will be able to assist HPTV in its fundraising efforts.

Existing Assets

In July 2000 the licenses and assets of the network were transferred to the foundation. Private donations and the station's Community Service Grant from the Corporation for Public Broadcasting began being shifted to the new foundation from the revolving fund immediately following its creation. As the foundation's revenues increased, it hired HPBA staff to assist with fundraising for the station, thereby helping to ameliorate the loss of funds from the state's revolving fund.

Impact on Existing Staff

During the downturn in state funding, staffing of the network dropped from 104 employees to 32 authorized positions this past year, not all of which have been filled. Prior to the decision to move to a community organization, 97 percent of staff were members of the Hawaii Government Employee Association union. As the network's financial situation grew worse, many employees were laid off and others decided to leave for more secure positions. Today none of the current staff is unionized. The foundation has created its own benefits package for new employees that is purported to be as good as the one received by state employees.

Continued State Funding

At this time, the new organization is not budgeted to receive any state funding. However, given its plans to provide educational programs for the department of education, the University of Hawaii, and other educational institutions, management is hopeful that it will be able to make a successful case for state assistance in the future. A five-year lease for the network's production facilities has been negotiated with the University of Hawaii. The University has agreed to reduce Hawaii Public Television's rental costs in exchange for the continued employment of approximately 30 part-time students as production assistants.

DTV Conversion

Plans are underway to begin a \$6 million capital campaign to fund the transition to digital television. Earlier this year, Hawaii Public Television began outsourcing its on-air operations to KGMB-TV, the local commercial CBS affiliate in Honolulu, in order to reduce its overall operational costs. The network has also budgeted approximately \$1.3 million a year from cable franchise fees assessed to island cable companies to assist in its transition to DTV. Currently the network receives 20% of these fees and local cable access channels receive 80%, although this could be changed when franchising fees are renegotiated.

Observations

Although several significant steps have been taken to begin operating under a new governance structure, it is still too early to determine the ultimate outcome of this change. Some of those involved during the transition process stated that many issues and hard feelings—both within the staff and the legislature—could have been reduced with better communication concerning what was being proposed, and if a concerted educational effort had been undertaken earlier in the process. The newly appointed General Manager, Program Manager and many of the current staff have no public television experience. This will result in an initial steep learning curve for the organization.

Differences and Similarities

There are many differences among the four organizations reviewed above, and it is dangerous to assume that what has worked in one state will work in another. However, there are also several factors that most of them appear to have in common that are worth noting:

- In all four situations, the primary reason for making a change appears to have been financial necessity. Although the amount of funding received from the state continued to decrease, state personnel and purchasing rules and regulations remained. These restrictions made it difficult for the public broadcasting organizations to make up for lost state revenues through entrepreneurial activities.
- As new boards of directors were created, members were chosen for their ability to be broadly representative of the network's stakeholders, as well as for their ability to assist the new organization in its fundraising activities.
- All of the states involved opted to transfer existing public broadcasting assets and facilities to the new organization.

- All four states made an effort to protect the benefits of existing employees, primarily by ensuring that the new community organization offered benefits commensurate with those offered to other state employees.
- With the exception of Hawaii, all of the states continue to contribute some funding to the new organizations. Hawaii Public Broadcasting is hopeful that the state will renew its contributions to the organization in the future in exchange for it continuing to serve the educational needs of the state.
- The states of Vermont and Maine have both contributed to the conversion of the public television stations in their states to digital technology. Oregon and Hawaii are both expected to contribute in the future, although the details of how this will be accomplished are still in development.
- All four organizations noted that the transition process from one licensee type to another is a very time consuming process that should be undertaken over a 3-5 year period. During this time, the education of interested stakeholders is a critical factor to ensuring a successful transition.

Financial Analysis of Privatization

Assumptions and Methodology

Since it is still undecided how, when, or even if, Idaho Public Television would become an independent community licensee, Bornstein & Associates analyzed the financial implications of this possibility from several different perspectives. B&A began with the assumption that if IDPTV were no longer supported by the state, the network would have increased expenses and decreased funding.

There are two components within the scope of potential increased costs that are so large that B&A had to assume they would be addressed prior to, or in conjunction with, a decision to privatize IDPTV. Specifically, B&A assumed that (1) current assets would be transferred to the new organization, and (2) the costs of converting to a digital transition system would be borne by the state. The rationale for these assumptions is described below. If these assumptions are not true, it is very unlikely that IDPTV could survive as an independent organization.

If these assumptions are true, however, there are several alternatives for addressing the remaining additional costs associated with becoming an independent organization. One method is to increase revenues through traditional fundraising techniques. The second is to decrease expenses. The third would be to identify new sources of revenue, either by recovering funding from the state through contracts for existing or expanded services, or by engaging in new entrepreneurial activities.

When B&A compared IDPTV to its peers in the industry, it did not appear that there is much, if any, opportunity for expanding its revenues through traditional fundraising methods.

There are some opportunities for decreasing expenses, but they may be offset by additional losses in revenues, as well as unacceptable losses in services.

It is conceivable that revenues could be recovered through contracts with the state for existing and expanded services.

B&A did not analyze the potential revenue of new entrepreneurial activities since there is no way to predict how much revenue could be raised through such activities without knowing what those activities might be, and then conducting a study of the potential marketplace environment.

Current Assets and Digital Conversion

B&A began its financial analysis with the assumption that, if IDPTV became an independent community organization, the state would (1) transfer its current assets to that organization, and (2) fund its conversion to digital technology as outlined in the Legislative Intent Language. The rationale for these assumptions is as follows.

Transfer of Current Assets

IDPTV has land, buildings, and equipment valued in IDPTV's financial statements at \$12.28 million. These assets are currently owned by the state. If the state chose not to transfer these assets to IDPTV, the network would have to raise significant additional dollars to purchase them. This would be a daunting—if not impossible—task for reasons explained elsewhere in this analysis.

In addition, many of the assets currently held by the state were partially funded by federal grants, such as those from the Public Telecommunications Facilities Program of NTIA, U.S. Department of Commerce. Any grants still within the 10-year federal interest period would have to be transferred to the new entity by the state and approved by NTIA. If the state chose not to transfer these assets it could be liable to repay these grants. The network's Director of Fiscal Affairs estimated that at a minimum this amount would exceed more than \$2.8 million. This amount does not include privately funded equipment reimbursements, which would need to be addressed.

Additionally, the Governmental Accounting Standards Board (GASB) rules, under which IDPTV currently operates as a state licensee, require that IDPTV must begin reporting depreciation on its assets, beginning in FY03. It is not certain how many of the above-mentioned assets would be depreciable, so it is difficult to measure the annual income statement effect, but it is expected to be significant.

The requirements for depreciation are not likely to be mitigated if IDPTV were to privatize. In that case, IDPTV would be subject to Financial Accounting Standards Board (FASB) accounting standards, which would require the network to depreciate its assets, probably at the time of transfer from state to private non-profit management. In either case, the state or the community licensee board would have to allow IDPTV to report net losses for several years in order to account for this depreciation.

Requirements for Digital Conversion

In 1996, the Federal Communications Commission (FCC) established digital television (DTV) transmission standards, and in 1997 issued its assignment/allotment table providing both commercial and non-commercial licensees with a transition channel for digital broadcasting. By May 1999, all commercial stations in the top 10 television markets were required to transmit a digital signal. By May 2002 all other commercial TV stations must convert to digital. By May 2003 all public television stations must convert to digital, and by 2006 all stations (commercial and non-commercial) must relinquish their current analog frequencies to the FCC. These frequencies will then be auctioned off for other uses. The 1997 budget reconciliation bill contains a provision stating that a station will not have to relinquish its analog spectrum until 85 percent of U.S. TV households can receive a digital signal.^[31] There is considerable skepticism within the broadcasting industry as to whether or not the 85 percent threshold will be reached by 2006. However, since Congress has already budgeted the resources it expects to receive from the proceeds of auctioning off existing frequencies, there will be some pressure to maintain this deadline.

Projected Digital Conversion Costs

IDPTV estimates that it must raise between \$11 and \$13 million to convert to digital. This federal mandate, if not adhered to, could result in IDPTV losing its broadcasting license. IDPTV has already received \$2 million in state appropriations, plus a PTFP matching grant of \$473,300. If the state were unwilling to appropriate and give IDPTV the balance needed, the network would likely have to raise the \$8.5 to \$10.5 million balance from private donations. It is very unlikely that this could be accomplished in the time mandated by the FCC.

This assessment was corroborated in a recent a study conducted by Bortz Media for the Association of

Public Television stations. As part of this study this company specifically assessed the Idaho market, including private sector opportunities, and concluded:

“Based on this experience and the size and rural characteristics of Idaho, I believe there is no realistic possibility that Idaho Public Television could secure private funding for the \$11 to \$13 million in capital expenditures required to complete your digital conversion, or even attract private support for a significant portion of the total funding. Moreover, private funding would be even less likely if it had to be secured in a limited time frame. Finally, I am not aware of any instance involving a stat licensee in which the licensee is being asked to bear such a funding burden.”^[32]

Low Power DTV Alternative

Some commercial broadcasters that are skeptical about the future of digital television have opted to install low power transmitters in order to meet the FCC’s deadline. They argue that this is not only cheaper now, but may be so in the long run as the cost of digital equipment drops. This approach has been vigorously debated within the public television industry as well. However, the consensus of engineers interviewed by B&A was that this is a very risky approach, especially for state networks. David Felland, a nationally recognized expert in digital television, observed:

“While it is true that DTV facilities do not have to be constructed at the fully authorized power level, licensees should understand that they could be forced to stay at the lower power forever. This condition could occur as the digital facilities of other television broadcasters are constructed in local and distant markets.

“Power levels, antenna heights, station channels, terrain conditions and antenna patterns are just some of the considerations that need to be studied in order to determine interference conditions between stations. These conditions are not static. The ability for a lower power station to maximize or increase power will be reduced as other stations construct facilities. Many early adopters have already faced these realities. This situation will only become worse over time.

“It is also not certain that equipment will be cheaper in the future. Prices have actually increased in some key portions of the DTV equipment market. Much depends on whether the market remains competitive.”^[33]

Cautions from Community Leaders

B&A interviewed a variety of community leaders throughout Idaho, some of whom have experience with philanthropy in the state.^[34] There was no clear consensus from these interviews about whether IDPTV could raise \$2 to \$2.5 million above its current annual fundraising to pay for its day-to-day operations. Some community leaders felt it would be difficult but possible, others said it would be impossible. There was very little difference of opinion, however, that if IDPTV were to privatize, that it could not afford to pay for all of its current assets, or for the cost to convert to digital broadcast. Most of those interviewed felt the state should pay for the conversion to digital television, and should transfer its current assets to the new non-profit entity.

Capital Campaign Option

If it were to privatize, and if it needed to pay for either digital conversion or the transfer of its assets, IDPTV would need to undertake a very large-scale capital campaign. The process of doing this is fairly straightforward in concept, but quite complex in its execution. In IDPTV’s case, the complexity would be increased by the extremely short timeframe that the funds would have to be in place.

IDPTV would have to first assess the likelihood of raising significant money from wealthy individuals in the state, from businesses, and from foundations or other sources. This assessment usually requires the services of a capital campaign consultant. During B&A’s stakeholder interviews, many people familiar with Idaho’s philanthropic community expressed the opinion that the state’s citizens were extraordinarily

generous. However, most also felt that a multi-million dollar campaign with a short-term deadline was impossible, even with Idahoans' reputation for generosity.

If IDPTV decided to forge ahead, it would then need to develop a case for support. This consists of an explanation, in writing, of how much money is needed, what the money will be used for, and how donations will be managed and recognized. This phase would likely require a cooperative effort between a capital campaign consultant and the network's development and senior management staff.

The third phase of a capital campaign is the development of leadership for the campaign. A successful campaign is usually the result of one or more philanthropists acting as campaign chair of an active board. That person not only contributes a substantial gift personally, but also convinces other philanthropists to contribute to the cause and campaign. Managing the needs of this board and campaign would require a substantial commitment of time from both IDPTV management and its fundraising staff. This could impact negatively on their ability to manage other ongoing fundraising membership and underwriting activities.

Finally, the campaign must identify and successfully present its case to philanthropic prospects.

Conducting a campaign of the size needed to pay for IDPTV's digital conversion would probably take four or more years. According to data published by the PBS Development Department, "the average (capital) campaign runs 30 to 36 months from kickoff to conclusion, or four years from the decision to 'go.'"

As an example, KPBS, the public television station in San Diego, launched a capital campaign that had three phases. The first phase—to build a new building—took more than seven years to complete. The second phase—to purchase broadcasting equipment—took three years. The final phase—to convert to digital—took only two years, since the primary donor was one who had given to the initial campaigns and was familiar with the needs of the organization. In all, KPBS raised \$16 million in about 12 years.

Other public television stations that have raised significant amounts of money through capital campaigns have experienced similarly long timeframes. According to Maynard Orme, President of Oregon Public Broadcasting, "OPB began its digital conversion capital campaign planning in 1994. So far, \$12 million has been raised toward a \$28 million goal. Oregon has a population of 3.3 million, and OPB serves approximately 90% of that population, which translates to 900,000 homes. It will be difficult for Idaho, with less population and only two plus years until the FCC mandated DTV transition deadline, to raise the bulk of the necessary funding from private sources in time to meet the deadline."

Capital campaigns are expensive. According to literature provided by Capital Quest, Inc., fundraising consultants for organizations such as the American Red Cross, the American Cancer Society and numerous other non-profits, the costs of a capital campaign of over \$2,000,000 would be between 4% and 8% of the total raised (the higher the amount raised, the smaller the percentage). Using these figures, if IDPTV wished to raise \$8 million, it should expect to spend \$320,000 to \$640,000 in fees, *not* including the cost of the staff time dedicated to the campaign.

This projection is confirmed by a study conducted for the Milwaukee Area Technical College. In the fall of 1998 the college hired the consulting firm of Schultz and Williams, Inc. to conduct a study in the Milwaukee, Wisconsin area to see if it could raise funding for its conversion to digital television. This study concluded that it might be possible to raise between \$5 million and \$8 million over a three year period at a cost of \$250,000-\$500,000. However, this projection included several important caveats, including the fact that such a campaign would inevitably reduce the amount of money contributed by the community for programming. The campaign was not pursued.^[35] It is instructive to note that the population of greater Milwaukee is approximately the same as the entire state of Idaho, but it also has a greater concentration of major businesses and industries within its city limits than Idaho has in its entire state.

Financial Issues of Privatization

Assuming that the question related to the transfer of assets and paying for the cost of the transition to digital are addressed by the state, there are numerous other financial issues that IDPTV would face if it were to privatize. They are described below, with supporting documentation shown in the tables.

Replacing State Funding

First, IDPTV would have to replace its annual state appropriation (approximately \$1,579,000 budgeted for FY01) by funds raised elsewhere. B&A estimates that it costs \$0.08 per dollar raised to garner the state funding. This figure was arrived at by allocating a portion of senior management and certain clerical salaries and fringe benefits toward activities designed to secure state funding, such as meetings with legislators, financial reporting required by the state, etc. This estimate is generous; it could actually cost less than \$0.08 per dollar raised. Conversely, it cost IDPTV \$0.27 for each dollar raised from private sources in FY99 (see [Table 4](#)). Assuming that these cost estimates are as true in FY01 as they were in FY99, it would cost IDPTV an extra \$0.16 for each dollar raised to replace state funding with private funding. This means the network would actually need to secure \$1,879,010 in FY01 from private sources to equal \$1,579,000 from state sources (See [Appendix H—IDPTV Potential Financial Options.](#))

Subsidized Services at Market Rates

Second, there are a variety of services currently provided to IDPTV by the state at a subsidized cost. If IDPTV were to privatize, it would have to replace these services at market rates. These services include personnel, accounting, legal, treasury, purchasing, insurance, etc. Currently, these services are valued at \$55,650 annually by IDPTV, based on the SWCAP (Statewide Cost Allocation Plan) negotiated indirect cost rate agreed to between the state and the federal government. It is estimated that these services, if paid for in a market environment, would likely triple, to an annual expense of \$166,950. IDPTV would have to add at least two senior level additional staff positions, and purchase other professional services (such as accounting and legal services) from outside organizations. This represents additional expense of \$111,300 annually.

Additional Expenses

Third, IDPTV has other expenses it would likely have to pay if it were to privatize. These include the following:

- IDPTV has a potential liability (outlined in its financial statements) of \$230,000 in employee compensatory time, sick leave, vacation, administrative leave etc. that it would likely have to pay if it were to privatize.
- There would be additional costs for property and casualty insurance. B&A estimates this amount to be \$24,000—double the amount currently paid as a state agency under very favorable terms.
- There would be significant increases in the cost of providing health insurance, retirement and other employee benefits. B&A estimates a minimum 50% increase to the current annual cost of \$230,000, for an additional expense of \$115,000.
- IDPTV currently does not pay rent for its facilities in Moscow and Pocatello. The value of this space—as documented by the universities—is \$128,633 annually. This could represent additional expense to IDPTV if the universities were unwilling to continue the current arrangement. There may also be additional costs associated with lease fees that are currently waived by the Bureau of Land Management and the United States Forest Service for facilities located on public lands.

The miscellaneous items listed above represent total potential additional expenses of \$497,633.

It is estimated that IDPTV would need to raise between \$2.1 and \$2.5 million annually to replace the \$1.5

million in lost state funding and services. (See [Appendix H—IDPTV Potential Financial Options](#).)

Intangible or Unpredictable Costs and Benefits

There are several other issues that are anticipated to have both positive and negative financial ramifications, although the amount is impossible to determine.

In all of the states reviewed earlier in this report, management observed that there was a period of unrest among some members of the staff during their organization’s transition to a new governance model. Many employees became fearful about the loss of the “comfort zone” that state management provided and were unable to function well in the new environment. This situation resolved itself over time when some employees left the new organization and were replaced by others who were more comfortable and productive in a private, non-profit environment. Based on the experiences of these organizations, IDPTV might experience a period of up to two or three years during which time this adjustment will take place. This could be a very vulnerable period of time for the organization, particularly among staff that has direct responsibility for generating revenue for the station such as those in membership and underwriting.

A related issue is the impact that employee benefits in the new organization might have on staff turnover. Even if the new organization matches the benefits provided by the state, it may be difficult to compensate those employees who have a considerable amount of time vested in the state retirement system, or find the current benefits of the state more attractive than those offered by the new organization. This situation could be ameliorated if current employees are “grand fathered” into the state employee benefits system, but this may not be possible. As a result, IDPTV could lose some key employees, potentially causing significant disruptions to its ability to meet both its service and financial expectations.

Alternative Strategies for Addressing Increased Costs

Methodology Used

In conducting its analysis of Idaho Public Television’s financial alternatives, Bornstein & Associates used data provided by IDPTV, as well as information contained in the Public Broadcasting Management Association (PBMA) Best Practices Study for Public Television for FY99 for comparative purposes. This is a voluntary, confidential study sponsored by the Corporation for Public Broadcasting that has been conducted during the fiscal years of 1998 and 1999. Each year, two-thirds of all public television licensees participated in the study. It is the most comprehensive financial examination of public television stations available. IDPTV was one of the participants in the PBMA Study in FY99.

Comparison to Peers

In the PBMA Study, Idaho Public Television is classified as a medium state licensee since its total annual revenues (\$6.3 million) fall within the range that defines this classification (\$3 to \$6.9 million). (See [Table 2](#) for a further breakdown of these classifications.) Total revenues include all the money raised by the network during the year, as well as all state, federal, CPB, and other grants.

As stated earlier in this report, there are four main types of public television licensees: community, university, state, and local authorities. In the PBMA study, however, local authorities—which are typically school-board licensees—are combined with university licensees into an institutional peer group. If IDPTV were to privatize, it would likely change its status from a state to a community licensee. As noted earlier, one of the main attributes that separates community licensees from both their state and institutional counterparts is that a community licensee has to raise a much greater percent of its money from private sources than either a state or university licensee. State and institutional licensees, on the other hand, generally receive greater degrees of “in-kind” support. In-kind support can range from free rent, subsidized telephone costs, payroll or other services provided by the state or university that oversees the public television station.^[36]

Raising Additional Revenue

[Table 1](#) shows the amount of money raised from private versus governmental sources for community, state, and institutional licensees. Community licensees, on average, must raise nearly 77% of their funds from private sources, while institutional and state licensees, on average, only need to raise 46% and 45% respectively from private sources.

	Community Licensees	Institutional Licensees	State Licensees
% of Revenue Raised from Gov't. Sources	23.1%	53.7%	55.1%
% of Revenue Raised from Private Sources	76.9%	46.3%	44.9%

Table 1.

Source PBMA Best Practices Study FY99.

At the end of FY99, there were 177 public television licensees. A licensee can operate more than one station. Idaho Public Television, for example, operates KAID Boise, KUID Moscow, and KISU Pocatello—all of which have on-site staff—as well as the unstaffed transmitters of KCDT Coeur d'Alene and KIPT Twin Falls. The breakdown of licensees by size and type is as follows:

	Small (\$<3MM)	Medium (\$3-6.9MM)	Med/Lg (\$7 to 19.9MM)	Large (\$20MM +)	Total
State	3	6	9	3	21
Community	41	28	11	8	88
University	27	21	13	0	61
Local Authority	2	4	1	0	7
Total	73	59	34	11	177

Table 2.

Source: Corporation for Public Broadcasting.

Note: these figures exclude state/local/federal/CPB and other support, so are not directly comparable to the PBMA classification. Data allowing exact comparability was not available at the time this report was written.

There are four public broadcasting organizations that are classified as community licensees but operate state networks: Maine Network; Prairie Public Television in North Dakota; Oregon Network; and Vermont Network.^[37] Two other organizations are classified as university licensees but also operate state networks: New Hampshire Public Television, and UNC-TV in North Carolina.^[38]

Revenue and Expenses

Bornstein & Associates compared IDPTV to three different “cohorts” of public broadcasting stations, using data contained in the FY99 PBMA survey. The first group consisted of five medium state licensees, including IDPTV. The next group consisted of 15 medium community licensees. This is the group that IDPTV would move into were it to privatize. Finally, IDPTV’s financial performance was compared to all medium licensees regardless of license type. There are 33 licensees, including IDPTV, in this cohort.

As seen in [Table 3](#), IDPTV obtained 43 percent of its total annual revenues from state/local/federal/CPB/ and other sources during FY99. This is below the 54 percent for its state peers, but significantly higher than the 21 percent reported for medium community licensees. The disparity between IDPTV and community licensees is to be expected, since many community licensees receive relatively little, if any, state funding. The majority of what is reported by community licensees is their annual Community Service Grants from CPB. If IDPTV were to lose the \$1.33 million of state funding it reported in FY99, only 22 percent of its funding would be reported as S/L/F/CPB—similar to the average reported by community

licensees.

	Idaho PTV	Medium State	Medium Community	All Medium Licensees
State/Local/Federal/ CPB Revenues as % of Total Revs	43%	54%	21%	39%
Total Revenues from State/Local/ Federal/CPB	\$2,712,883	\$3,615,850	\$1,081,363	\$2,046,428
Administrative Expense as a % of Total Expense	20%	26%	16%	20%
Total Administrative Expense	\$950,846	\$1,709,678	\$824,266	\$1,060,927
# of Administrative FTEs	10.0	12.9	8.0	7.26
Administrative Expense per Total Station FTEs	\$16,321	\$26,258	\$14,555	\$19,506

Table 3.

Source PBMA Best Practices Study FY99.

IDPTV spends less than its state peers on administrative expense as a percent of total expenses, but more than its medium community counterparts. If IDPTV were to privatize, the percent of its budget spent on administration would likely increase, at least in the short term, due to higher costs for personnel, retirement benefits, etc. Over time this amount might be reduced to a level more in keeping with community licensees, but probably not for several years.

Increasing Traditional Fundraising Activities

As can be seen in [Table 4](#), IDPTV earns much higher gross and net revenues from development activities in comparison to any of its peer groups. Development activities are defined as membership, major giving, and underwriting. Membership dollars come from individuals, and are generally gifts of \$999 annually or less. Major Gifts also come from individuals, but are typically gifts of \$1,000 and higher. Underwriting includes financial or in-kind support from businesses for which they have received on-air or other recognition. IDPTV earned net revenues of \$1,843,900 from development activities in FY99. This is 29 percent (\$413,000) more than its medium state peer group, 53 percent above the medium community group, and 96 percent better than all medium licensees. IDPTV's development cost per dollar raised was \$0.27, compared to \$0.35 for the best performing of its peer groups.

	Idaho PTV	Medium State	Medium Community	All Medium Licensees
Total Development Revenues	\$2,521,420	\$2,203,550	\$1,871,368	\$1,490,931
Net Development Revenues	\$1,843,900	\$1,430,561	\$1,201,713	\$938,718
Development Cost per Dollar Raised	\$0.27	\$0.35	\$0.36	\$0.37
Net Membership Revenue	\$1,355,566	\$929,705	\$827,351	\$634,551
Net Major Giving Revenue	\$209,240	\$215,544	\$100,186	\$64,927
Net Underwriting	\$279,094	\$285,312	\$274,176	\$239,240

Revenue

Table 4.

Source PBMA Best Practices Study FY99.

In looking at the individual segments that make up development—membership, major giving, and underwriting—membership at IDPTV is performing significantly above its peers, while major giving and underwriting are right at the levels of its peers.

This level of performance suggests that it may be problematic for IDPTV to raise significant additional private money, especially in the short term. If the network was under-performing it might be “leaving money on the table,” but it appears to be very efficient. This is underscored in the analysis of some of the performance measures outlined in [Table 5](#).

IDPTV has a total estimated Area Pop Households (APHH) of 381,548.^[39] Of this total, 6.7% are donors to IDPTV. This compares to a peer group average of 2.5% for medium state licensees, and 2.6% for medium community licensees. IDPTV does not appear to be missing opportunities to convert Idaho citizens into donors.

	Idaho PTV	Medium State	Medium Community	All Medium Licensees
Total Area Pop Households	381,548	900,566	699,242	819,434
% of Donors to Area Pop HHs	6.7%	2.5%	2.6%	1.8%
Nielsen Prime Time Avg Qtr Hour HHs	5,706	9,330	8,882	7,022
Nielsen Weekly Cume Households	84,163	213,104	210,481	168,049
Development Revenues/ Prime Time AQH	\$442	\$236	\$211	\$212
Development Revenues/Weekly Cume HHs	\$29.96	\$10.34	\$8.89	\$8.87
Minutes of Live Pledge per Year	3,163	5,167	6,776	5,861

Table 5.

Sources: PBMA Best Practices Study FY99; PBS

Further, IDPTV appears to be doing a good job of converting viewers into donors. There are two viewer measures shown in [Table 5](#). They are the Nielsen Prime Time Average Quarter Hour Households (Prime Time AQH) and the Nielsen Weekly Cumulative Audience (Cume) Households.^[40] The Prime Time AQH indicates the number of people viewing IDPTV during an average 15-minute period during prime time—in this case, 5,706 households. The Weekly Cume shows how many different households, over the period of a week, watched IDPTV for at least 6 minutes—in this case 84,163 households.^[41]

IDPTV earned development revenues of \$442 per Prime Time AQH Household, whereas its medium state peers earned \$236 and its medium community peers that earn \$211 during a similar period of time. The same superior performance held true for development revenues per weekly cume. Not only was IDPTV able to convert a greater percentage of its market’s households into donors, it earned more money than average from its viewing audience.

IDPTV does a relatively small amount of on-air fundraising. On-air fundraising, also called “pledge” is when a station or network uses extended breaks from programming to ask viewers to pledge their financial support. IDPTV runs only 3,163 minutes of live pledge breaks compared to 6,776 minutes for its medium

community peers. If IDPTV were to privatize, it would likely require significantly more on-air fundraising. While this might improve the amount of funding raised through this method, it could potentially hurt both viewership and membership.^[42] Many viewers complain about the frequency and length of public television pledge drives. The more on-air fundraising a station does, the more people tend to complain. On air fundraising results in a greater number of members than other methods of member solicitations, such as direct mail, but it also costs more. This means that if IDPTV needed to do more on-air fundraising, there is no guarantee that it would have a positive effect on its net revenues

Reducing Expenses

For the purposes of this analysis, certain expenses are deemed necessary for minimum service levels to retain the license. These would include dues payment to PBS for the rights to air PBS programming, expenses needed to keep the broadcast operation running, and expenses related to fundraising. Others are deemed optional, and the impact of cutting these expenses is discussed. However, as we show in Attachment H, even eliminating these expenses provides minimal relief, due to the fact that reductions in services may also result in lower revenues. B&A concludes that the maximum potential cost savings are just over \$200,000 annually.

One area that was analyzed was whether IDPTV could operate with greater financial efficiency in its Broadcast Operations and Engineering (BO&E) activities. As can be seen in [Table 6](#), IDPTV earned BO&E revenues of \$171,658 for FY99. According to IDPTV's Director of Fiscal Affairs, approximately \$80,000 of this revenue was the result of a one-time business opportunity with the BBC. Another \$80,000 is related to operating transmitters in Moscow and Pocatello and would go away if IDPTV were to shut these facilities down, as predicated by one financial savings option shown in Attachment H.

	Idaho PTV	Medium State	Medium Community	All Medium Licensees
Total BO&E Revenues	\$171,658	\$165,680	\$133,979	\$137,319
Total BO&E Expenses	\$883,009	\$1,098,463	\$668,457	\$748,417
BO&E Full-Time Equivalent Number of Transmitters	16.0	17.1	11.1	11.9
# of BO&E FTEs per Transmitter	5	3	2	2
BO&E Expenses per Transmitter	3.2	5.7	5.6	5.9
BO&E Expenses per Transmitter	\$176,602	\$366,154	\$334,229	\$374,209

Table 6.

Source: PBMA Best Practices Study FY99

IDPTV spent \$883,009 on BO&E in FY99. This is 24 percent below its medium state peer group average. IDPTV's expenditures are quite a bit higher than the medium community peer group, but this peer group averages only two transmitters per licensee, whereas IDPTV operates five transmitters. The BO&E cost per transmitter at IDPTV is \$176,602 compared to \$366,154 for its medium state peer group and similar amounts for the other two peer groups.

IDPTV's BO&E staffing is also very efficient. It has a total of 16.0 Full Time Equivalent (FTE) staff, or 3.2 FTE per transmitter.^[43] IDPTV's peer groups ranged from 5.6 to 5.9 FTE per transmitter. If IDPTV were to completely shut down its Moscow, Pocatello, and Coeur d'Alene transmitters, as is projected in Appendix H, it could also eliminate another 4.0 FTEs. This means that with 12.0 remaining FTE and 2 transmitters, IDPTV would equal the peer group averages of FTE per transmitter.

Finally, IDPTV's annual facilities costs were compared to its peers. As is shown in [Table 7](#), IDPTV's

facilities costs are on the low end of the scale. It is estimated that if IDPTV were to privatize, its facilities costs would be comparable to the \$455,326 spent by the medium community peer group. According to IDPTV's Director of Fiscal Affairs, the network is paying reasonably close to market rate at its Boise facility, and he does not expect that costs would increase significantly above the 3% annual increase already budgeted, even if the network were to privatize. As mentioned earlier, and in Appendix H, IDPTV is not now paying rent or maintenance on its Moscow and Pocatello offices. This cost would account for the difference between what IDPTV now spends on facilities, and what it might have to spend as a community licensee.

	Idaho PTV	Medium State	Medium Community	All Medium Licensees
Total Facilities Costs	\$339,023	\$759,420	\$455,326	\$444,032

Table 7. *Source: PBMA Best Practices Study FY99*

Other Sources of Revenue

Some of the educational and outreach services currently provided by IDPTV are supported by private grants. These include the *Ready to Learn Workshops* for parents and childcare providers, the summer reading newsletter, and *Dialogue For Kids*. If IDPTV were to privatize, it is likely that the network would continue to provide these services, or ones like them, as long as it continued to receive grants to pay for them.

There are other educational and outreach services, however, that are currently provided by IDPTV and paid for out of its operating budget and its annual appropriation from the state. If the state no longer funded IDPTV, these services would either be discontinued, or would have to be paid for by the entity using them. These include such things as the interconnection of classrooms via microwave, educational access cable channel programming, adult education (work skills, *English as a Second Language*, etc.), instructional television, training for pre-services teachers, and technological literacy programming such as science, technology, math, and educator professional development in these subject areas.

As reported earlier, IDPTV currently provides a number of these services. Without doing a thorough market study, however, it is difficult to predict how much revenue these services might generate.

Summary of Financial Conclusions

Based on its review of Idaho Public Television's financial situation, B&A concluded that if Idaho Public Television were to become an independent community organization:

- It is very unlikely that IDPTV could continue operating unless (1) its current assets are transferred to the new organization, and (2) the state is willing to pay most, if not all, of the costs associated with converting to digital television.
- IDPTV would incur additional costs beyond the loss of the state's current funding.
- It is doubtful that IDPTV could raise significant additional revenues through its traditional fundraising techniques.
- Some expenses could be reduced, but this may result in the loss of additional revenues and an unacceptable loss of existing services.
- It may be possible to recover revenues from the state through contracts for some existing and/or expanded services.
- It is not possible to predict the extent to which revenues could be increased through expanded entrepreneurial activities without knowing what those activities are and what the potential market

and competition for them might be.

Legal Considerations

If it is decided that Idaho Public Television should become a separate non-profit community organization, there are several legal issues that should be kept in mind. Below are some of the more salient of these issues.

One of the rules related to the eligibility of an entity qualified to hold the license to a non-commercial, and contained in the required application (Form 340), is that the governing board of each private, non-profit, non-institutional licensee must be “broadly representative of the educational, cultural, and civic groups in the community” served by the public television station.^[44] This will become an important consideration if and when a decision is made as to who will serve on the governing board of the new entity.

The FCC will also be concerned that the new entity has all of the assets necessary to perform its responsibilities as a licensee, such as its program origination and transmission facilities. The FCC has traditionally objected to the transfer of “bare licenses.” Since the license to a station is not the property of the licensee, only the FCC can transfer it.

The FCC may also be concerned if the new entity does not retain the rights to any equipment or facilities that were paid for by funds raised by the station over the air. Public television stations are not allowed to use the airwaves to which they are licensed to undertake fundraising activities on behalf of other organizations.^[45]

The transfer of some of these assets could be complicated by the fact that they are located on land owned by state and federal organizations. For example, institutions such as the universities, Bureau of Land Management, and the U. S. Forest Service can legally contract with the State of Idaho. However, they may be reluctant to contract with a non-state entity, or they may be obligated to initiate a request for proposals process before entering into an agreement with such an organization.

Idaho Public Television currently holds facilities partially funded by grants from the Public Telecommunications Facilities Program of NTIA, U.S. Department of Commerce. Any grants still within the 10-year federal interest period will have to be transferred to the new entity by the state. NTIA’s approval process for granting transfers requires prior approval by FCC of the license assignments. If it appears likely that a new organization will be created, NTIA should be informed as soon as this information is known in order to prevent creating problems with existing or new applications.

Other federal organizations from which existing grants have been received and are pending should also be notified so that appropriate actions can be taken. Similarly, appropriate arrangement must be made with the Corporation for Public Broadcasting for the orderly transfer of its grants to the new organization.

Once a new organization has been formed, the state and the new entity must apply to the Federal Communications Commission for its consent to assign the state’s existing licenses to the new entity. This includes licenses for all main television transmitters, translators, satellite earth stations and broadcast auxiliary stations such as studio-to-transmitter links (STLs), intercity relays, remote pickups, etc. A complete list of all of these licenses should be compiled, and the services of an attorney familiar with Federal Communications Commission rules and regulations should be retained to assist in the processing of filing for the transfer of these licenses.

In the absence of objections from any parties, an approval for the assignment of a broadcast license may take as little as two or three months from the filing of an application. If there are any objections to the

assignment, however, the process could be delayed up to a year, if not longer. The law requires that the FCC post a public notice of these filings and then wait at least 30 days after this notice has been posted to permit public comment. Once an “approval” has been given, it is not considered final and unappealable until the 41st day after a public notice has been posted.

For the most part, intellectual property rights for programs produced by IDPTV are held by the State Board of Education. These rights should be assigned to the new organization. Similarly, it will be necessary to arrange for the assignment of any federal and state registrations related to copyrights or trade/service marks to the new organization.

IDPTV is undoubtedly party to a number of private contractual relations affecting its operations such as membership and/or affiliation agreements, leases of real property, acquisition and maintenance agreements on equipment, consulting contracts, production contracts and releases, tower leases, insurance agreements, and third party contacts. Such agreements usually require that any other parties to such contracts be formally notified of any assignment of rights and responsibilities to a new entity. Once again, the first step in this process should be to make a comprehensive list of these agreements. It should be noted that during the process of obtaining the consent of the other parties, efforts might be made to renegotiate existing contracts that may or may not be disadvantageous to IDPTV.

Given the complexity of the organizational, financial, and legal issues that would arise from any shift to a new structure for public broadcasting, there will be a significant planning period during which such issues can be addressed, a business plan developed, and a phased transition process completed. This period could range from two to five years after the passage of legislation. There is also likely to be significant expense in attorney’s and other fees to complete the transition

Strengths and Weaknesses of Licensee Types

State and community licensees each have different strengths and weaknesses. The goals of each institution, as well as the unique interests and needs of the communities they serve, can influence how important these strengths and weaknesses are in specific situations. Some of the more obvious characteristics of these two different licensee types include the following:

Funding Security

State-licensed organizations tend to be much more secure places to work than community-licensed ones. When there are downturns in the economy, state licensees may be required to reduce expenditures or delay some activities, but the impact of these shortfalls are spread over many state agencies, and the impact of potential funding cutbacks are often much easier to predict further in advance. Community licensees, however, can experience dramatic changes in their revenues, with very little warning. A local economic crisis, negative community reactions to something the station did, or the loss of a major grant may result in the need to reduce the staff or funding for projects with relatively little notice.

Boards of Directors

The boards of directors of state and community licensees are often very different—both because of who is selected to serve on them, and because of how they are selected. The fact that a state licensee is partially funded by tax revenues usually results in some, if not all, of its members being representatives of a state organization, or appointed by governmental entities such as the legislature and/or the governor. These individuals are usually very knowledgeable about the workings of state government and can be of assistance to management in these areas. However, because many of these individuals have responsibilities beyond public television, they may not be able to devote a lot of time to governance concerns. As a result,

state licensee boards many times limit their activities to setting policy and overseeing the activities of the CEO.

Community licensee boards of directors are required by the FCC to be “broadly representative” of the educational, cultural, and civic segments of the community.^[46] Since these organizations rely much more heavily on direct contributions from the community, many members of these boards are also selected for their abilities to assist the station in its fundraising activities. Such expertise can often be invaluable to the organization.

Controversial Programming

Reliance on state funding by state licensees can have both positive and negative implications. Many viewers feel very strongly that their tax dollars should not be used to pay for programming with which they disagree. This can lead to their trying to bring pressure on the station through the legislature, which in turn, brings pressure on the organization’s governing board. Depending on the composition of the board, its members may feel pressured to consider factors unrelated to the interests of public television in deciding how the organization should respond.

The members of community boards are not placed under the same kinds of pressures. The relationship between the board and community are usually much more direct. If the organization receives complaints from contributors, these concerns can be evaluated with relative freedom from pressures by other layers of stakeholders. Some boards have even adopted a policy of refunding the contributions of anyone offended by the airing of a specific a program.

Rules and Regulations

The rules and regulations governing state licensees are usually much more detailed and wide ranging than those of community licensees. This is because state rules must be broad enough to cover the activities of a variety of organizations engaged in many different types of activities, not just those of the public television licensee. Requests to take action must go through multiple levels of approval, which can result in extended delays. As a consequence, state licensees tend to move much more slowly and deliberately.

Community licensees are typically able to take action much quicker, since they don’t have to obtain approvals outside of their own organizations for most actions. This provides them with the opportunity to respond more quickly to entrepreneurial opportunities. They pay a price for this flexibility, however. They must pay for all of their infrastructure costs, which can be substantial. A state or university licensee usually gains significant cost savings through having its parent organization provide such services as accounting, purchasing, personnel, and legal assistance.

Staffing and Benefits

For similar reasons, state licensees may be required to staff their organizations differently than their community-licensed counterparts. Hiring and terminating staff can take much longer in state organizations, and it is not always possible for them to offer the types of benefits needed to attract employees in very creative or highly competitive positions—even if the resources are available to do so. An example of this issue faced by many state public television licensees is the difficulty in hiring and retaining qualified broadcast engineers. Since no other state agency has such positions, but the licensee usually has to stay within the state salary structure, it is difficult to be competitive against commercial broadcasters that are vying for the same technical expertise.

Since community licensees are relatively free to establish their own guidelines, they can be as flexible as available resources permit. Once again, however, this flexibility can be costly. Because of its collective buying power, states can often provide much more cost-effective benefits packages than community organizations.

Statewide Services

One of the main reasons that states accept the responsibility for licensing public television stations is to ensure that the entire state benefits from services such as instructional programming and Emergency Alert Services. Tax resources are used to pay for these services because they are usually not commercially viable. This practice provides significant benefits to the citizens of the state. However, providing these services can sometimes be problematic for state licensees if no direct relationship has been established between the cost of delivering these services and the amount the state contributes to the organization's budget. As the demand for services increase, there may not be a commensurate increase in the state's contribution to support them.

Community licensed organizations cannot afford to take on such responsibilities unless they are paid for in some way. Sometimes states contract with these organizations for such services, or the licensee solicits a state appropriation in return for specifically defined services.

Alternative Governance Models

As evidenced in the above discussion, there are advantages and disadvantages associated with both state and community licensees. Given the range of these opportunities, Bornstein & Associates has identified four alternative governance models for the State of Idaho to consider. These models represent a continuum of involvement by the state—from maintenance of the status quo, to no involvement of the state in public television. No attempt has been made to list specific advantages or disadvantages to any these options since their potential benefits or drawbacks will change depending on how they are implemented.

Status Quo

The first option is to not make any changes in the way Idaho Public Television is governed. Nothing would be changed, with the possible exception that the most recent versions of the SBOE Governing Policies and Procedures would be allowed to sunset on June 30, 2001. If the current requirements remain, there is a good possibility that there will be legal challenges from one or more groups.

Independent/Quasi State Agency

The second option is to make Idaho Public Television an independent or quasi-state agency with a new board of directors. In addition to its own representatives, the state may wish to consider incorporating the existing board of the Idaho Public Television Foundation, and/or representatives from the three Friends organizations on this new board. There are many variations that could be explored under this option, especially in regard to who is represented on the board, how board members are selected, and whether the organization continues to be subject to all existing state rules and regulations.

Community Licensee Contracting with the State

A third option is for Idaho Public Television to become an independent non-profit community organization with its own board of directors. The state would contract with this organization to provide specific services to ensure that these services are continued on a statewide basis. Options for this alternative include how the board is determined, which services are contracted for, and whether the state contracts for these services directly, or passes funding through organizations that use specific services.

Community Licensee with No State Involvement

A fourth option is for Idaho Public Television to become totally independent of the state. This option assumes that such a separation would take place over 3-5 years to allow the network to reorganize and identify new sources of revenue.

The last two options assume that the existing assets of Idaho Public Television would be transferred to the new organization and that the state will continue to play a significant role in the funding of the transition

to digital television. The reason for these assumptions is that Idaho Public Television could not afford to become an independent community organization unless its current assets were transferred to it. It is also unlikely that the FCC would approve a transfer of the network licenses to an entity that does not have all of the assets necessary to perform its responsibilities as a licensee, such as its program origination and transmission facilities.^[47] Similarly, Idaho Public Television could not afford to become an independent community organization unless the costs associated with converting to digital television are provided. The Legislature has indicated to the Federal Communications Commission (in HB 768) that IEPBS will convert its analog broadcast systems to the FCC digital technological standard by May 1, 2003. There is not enough time remaining for IDPTV to conduct a capital campaign to raise the needed funds and still meet the FCC deadline for this conversion.

Next Steps

If any option other than the status quo is contemplated, it is recommended that a strategic business plan be developed that describes the mission, goals and objectives of the new organization, as well as the assumptions, processes, costs, and timeline that will be necessary to make the necessary transition.

A comprehensive educational campaign should be developed to ensure that all stakeholders are informed about what is being planned, and that they have an opportunity to voice their opinions about what is being proposed. Time should be allowed to adjust the organization's plans and/or to provide additional education after receiving comments from stakeholders.

Agreements should be developed about the roles and responsibilities of all organizations involved prior to creating specific legislation language, so that such issues do not have to be worked out under the pressure of other legislative business.

If the state does not already retain the services of a law firm that specializes in broadcast and communications law, it should do so. This firm should have demonstrated experience with assisting in similar transitions, as well as in helping states work through all of the necessary federal approval processes noted in the section of this report related to legal considerations.

Appendices

Appendix A—Description of Bornstein & Associates

Bornstein & Associates (B&A)

Bornstein & Associates (B&A) is a professional management consulting firm with over 35 years of experience working in and for the public broadcasting industry. The firm specializes in work for public broadcasting organizations and is very familiar with the challenges of educational and public telecommunications policies and practices. B&A assembles and brings to each project a specialized consulting team uniquely equipped to focus individual and collective talents on specific study areas. Members of the team for the Idaho project all have demonstrated records of achievement and leadership within public broadcasting, as well as extensive national networks of personal contacts. Members of the project team and their responsibilities included:

Bornstein & Associates Project Team

Ronald C. Bornstein is the senior partner of Bornstein & Associates (B&A) and a veteran professional who has served in key leadership positions in public broadcasting and higher education for over 35 years.

In 1994, He relocated his management consulting and executive recruitment practice to Tucson, Arizona after retiring from the University of Wisconsin System, where he worked for 27 years in various capacities as Director of the Telecommunications Division and General Manager of WHA Radio and Television, Vice President for University Relations, and as the University's Senior Vice President for Administration, Executive Vice President, and Chief Operating Officer. He was also a Professor of Communication Arts for the University of Wisconsin-Madison, where his specialty was public broadcasting history, policy and programming. On leaves of absence from the University, he twice served in Washington, as Vice President for Telecommunications for the Corporation for Public Broadcasting in 1980-81 and as Acting President of National Public Radio in 1983. He was a long-time member of the State of Wisconsin Educational Communications Board, chaired its Wisconsin Public Broadcasting Foundation, and served on the boards of the Public Broadcasting Service, National Public Radio and the Association of Public Television Stations. He is a recipient of numerous awards, including a National Academy of Television Arts & Sciences "Emmy" Award and the Edward R. Murrow Award, and was inducted into the Wisconsin Broadcasters Association Hall of Fame. In addition to his consulting and executive recruitment practice, he currently serves as Executive Director of the Pacific Mountain Network.

Larry Dickerson is the former Director of Communications and Information Technology for the University of Wisconsin-Extension, and former Deputy Director of the State of Wisconsin Educational Communications Board. He has over 25 years of experience in radio and television production, programming and management. During the past decades, he has specialized in new and emerging telecommunications technologies and their uses in distance education. As the Deputy Director of the State of Wisconsin Educational Communications Board, he supervised the Education and Engineering Divisions of that agency and served as project manager for the planning and development of educational telecommunications projects. He has consulted with numerous organizations in the areas of management, executive recruitment, strategic and long range planning, group process and decision-making, and educational telecommunications applications. His clients have included major community-licensed public television stations throughout the country, state networks in Georgia, Louisiana, Maryland, New Jersey, Oklahoma and South Dakota, several regional networks, and the Corporation for Public Broadcasting.

Maura Grogan has led the groundbreaking Public Broadcasting Management Association's (PBMA) Best Practices Study for public television. This study defined and measured financial performance for virtually every aspect of a local public television station. She was project manager for the 5 Starconsortium of southern state public television networks in Alabama, Arkansas, Georgia, Louisiana, and Mississippi, to provide vision and guidance to each network to individually and collectively improve their financial performance. Ms. Grogan worked for three years as Marketing and Communications Manager at KPBS, San Diego's public television and radio stations. Prior to joining KPBS, she owned a marketing agency that specialized in business-to-business and business-to-consumer marketing and strategic planning in the financial services, broadcasting, telecommunications, health care and computer industries. She began her career in banking and spent 11 years working in both investment and retail banking at First Interstate Bank and Bankers Trust Company in Los Angeles, and HomeFed Bank in San Diego. Her financial career included positions in large corporate lending, leveraged buyout financing, management, and marketing, budgeting, and strategic planning.

Maynard Orme is the President of Oregon Public Broadcasting (OPB), which includes five television and four radio stations. He has been the chief executive officer of OPB since 1986. Prior to his assuming the OPB post, he was general manager of KTEH/Channel 54 in San Jose, California for 13 years. Mr. Orme served on the Public Broadcasting Service (PBS) Board of Directors from 1984-90, with two years as vice chair of that board. He was reelected to the PBS Board in 1999. He is a current member and served as chair of the Organization of State Broadcast Executives (OSBE) from 1993-95. Additionally, he served on America's Public Television Stations Board of Directors from 1992-98, and was vice chair of that board for two years. Since 1998, he has served on the Council for the National Forum for Public Television Executives. In 1998, he was recruited to serve on two other national boards: Pacific Islanders in Communication, and the Native American Public Telecommunications, Inc.

Bornstein & Associates Representative Client List

- American Public Radio, St. Paul, Minnesota
- America's Public Television Stations (APTS)
- Association of New York Public Television Stations
- William Benton Broadcast Project, Chicago, Illinois
- The Blandin Foundation, Grand Rapids, Minnesota
- Bortz and Associates, Denver Colorado
- Cleveland, Ohio Public Library
- Consumers Union
- Corporation for Public Broadcasting
- Emerson College, Boston, MA
- Erie, Pennsylvania Television Foundation
- Ford Foundation, New York, N.Y.
- Georgia Public Telecommunications Commission
- Hawaii Media Specialists Institute
- The Johnson Foundation, Racine, Wisconsin
- KALW-FM, San Francisco, California
- KUSC-FM, Los Angeles, California
- KLVX-TV, Las Vegas, Nevada
- KNPB-TV, Reno Nevada
- KVPT-TV, Fresno, California
- Louisiana Public Broadcasting
- Maine Public Broadcasting
- Meyer Broadcasting, Bismarck, North Dakota
- Midwest Program on Airborne Television Instruction
- Minnesota State Task Force on Public Radio
- Montana Board of Regents
- Montana Public Television
- National Public Radio
- New Jersey Public Broadcasting
- Ohio Educational Telecommunications Network Commission
- Oklahoma Educational Television Authority
- Oregon State University
- Pacific Mountain Network
- Penn State University
- Prairie Public Broadcasting
- Public Television Outreach Alliance
- Sangamon State University, Springfield, Illinois
- Satellite Educational Resources Consortium (SERC)
- South Dakota Public Broadcasting
- Southern Educational Communications Association (SECA)
- Southern Illinois University and WSIU Radio and Television
- State of Wisconsin Educational Communications Board
- TRAC Media Services, Tucson, Arizona

- UCLA, Los Angeles, California
- University of Chicago
- University of North Dakota
- University of Utah
- University of Wisconsin System
- Western New York Public Broadcasting
- WDCN Public Television Corporation, Nashville, Tennessee
- WFAE-FM, Charlotte, North Carolina
- WFMT-FM and WTTW-TV, Chicago, Illinois
- WSKG Radio and Television, Binghamton, New York
- WVPT, Harrisonburg, Virginia

Appendix B—SBOE Governing Policies and Procedures

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: IV AGENCY AFFAIRS

SUBSECTION: C Idaho Educational Public Broadcasting System

Revised August 2000

Published February 2000

Deletions and additions to this subsection as indicated with stricken and underlined text sunset on June 30, 2001.

IDAHO EDUCATIONAL PUBLIC BROADCASTING SYSTEM

1. Purpose.

The Idaho Educational Public Broadcasting System provides administrative, operational, and programming expertise, direction, guidance, and assistance to the management and staff of Idaho's three (3) public television stations. In addition, the general manager develops long-range planning, goals and objectives, and procedures for public broadcasting to ensure fiscal and prong accountability and credibility and to ensure adherence to local, state, and federal regulations including compliance with the intent of the Idaho Legislature as contained in 2000 HB 768, as such is set forth in 2000 Session Laws Chapter 475. ~~The general manager serves at the pleasure of the State Board of Education.~~

2. Delegation of Authority.

The general manager serves at the pleasure of the State Board of Education. The Board delegates to the general manager as the chief executive officer the responsibility to manage, coordinate, and supervise the Idaho Educational Public Broadcasting System and Idaho's three (3) public television stations in compliance with this policy and all other directives of the Board The chief executive officer is also responsible for the preparation and submission of an agenda for matters related to the Idaho Educational Public Broadcasting System for Board review and action.

3. Organization.

Central management and systems personnel, after consultation with station management, institutional administration, and the local friends' boards, develops, establishes, and maintains station policies and standards related to prong, operations, and fund-raising activities for the three (3) stations in Idaho.

4. Internal Policies and Procedures.

The general manager may establish additional policies and procedures for the internal management of the Idaho Educational Public Broadcasting System and stations which complement, but do not supplant, the Governing Policies and Procedures of the Board Such internal policies and procedures are subject to Board review and action.

5. ~~Other Matters~~ Compliance.

- a. The State Board of Education is the holder of the Federal Communications Commission licenses to operate the transmitters translators and related facilities of Idaho Educational Public Broadcasting System.
- b. The general manager is responsible for ensuring adherence to local, state, and federal regulations including compliance with the intent of the Idaho Legislature as contained in 2000 BB 768, as such is set forth in 2000 Session Laws Chapter 475 by all public broadcasting operations in the State of Idaho for which the Board is the designated licensee of the Federal Communications Commission.

6. Programming Policies and Procedures

- a. The State Board of Education and Idaho Educational Public Broadcasting System subscribe to the Statement of Principles of Editorial Integrity in Public Broadcasting as adopted by the Board in 1987.
- b. IEPBS shall follow written procedures for choosing and scheduling programs. Such procedures, and any changes or amendments thereto, are subject to prior review by the Board.
- c. Viewer Discretion and Advisory Statements.
 1. IEPBS shall utilize the Television Rating System of the National Association of Broadcasters for the purpose of airing Viewer Discretion Announcements as appropriate. However, such rating system shall not be a determinative factor in the program selection process.
 2. At least once each broadcast day at various times, and at other times as appropriate, IEPBS shall broadcast an announcement in a form substantially similar to the following:

Events and depictions appearing on this Idaho Educational Public Broadcasting System that are broadcast for the purpose of providing in-depth news coverage, documentaries and information valuable for Idaho citizens, may at times show acts that, if committed in Idaho in reality, would be violations of Idaho criminal laws. The Idaho Educational Public Broadcast System and the Idaho State Board of Education expressly offer such programs as a part of IEPBS's highest priority of programming and not for the purpose of promoting, promoting or encouraging the violation of any Idaho criminal statutes.
 3. On all programming materials printed or distributed by IEPBS, and on air at least once each broadcast day at various times and at other times as appropriate, the following paragraph shall be included or broadcast, in a form substantially similar to the following:

As a part of the Idaho Educational Public Broadcasting System highest priority of programming in broadcast (among other things; in-depth news coverage, documentaries and information valuable for Idaho citizens) some content may be controversial. IEPBS and the State Board of Education encourage families to exercise decisions as to values important to them to determine whether to watch any IEPBS program In order to assist families in malting the decision won about programming is available on-line, by phone and in writing.
- d. IEPBS shall report to the State Board of Education a draft copy of its monthly programming decisions in advance as directed by the Board or the Executive Director. Such prior notice shall be sufficient to allow the Board to monitor and review such decisions as required by law.
- e. IEPBS shall monitor viewer input and report a monthly summary of communications from viewers regarding programming and related issues from the previous month.
- f. IEPBS shall report an overview of important activities of IEPBS for the Board's regularly scheduled meetings.

- g. IEPBS shall keep records of, and provide the State Board of Education with quarterly reports of, all broadcasting activities in the following categories:
1. K-12 Education
 2. Higher Education
 3. Public Safety
 4. Lifelong Learning
 5. Cultural and Family Enrichment
 6. Character Education and Virtues Embodied in 1995 HCR 19
 7. In-depth news coverage
 8. Documentaries

Appendix C—IEPBS Strategic Plan

Idaho Educational Public Broadcasting System Strategic Plan (2000-2005)

SBOE Vision

The State Board of Education envisions an accessible, seamless public education system that provides an intelligent and well-informed citizenry capable of active participation in the processes of a democratic government, contributes to the economy and general quality of life in Idaho, opens access to cultural and intellectual resources, and enables all individuals to develop their skills, knowledge, and ability to become contributing members of society.

IPTV Vision

Inspire, enrich, and educate the people we serve, enabling them to make a better world.

SBOE Education Mission

The Idaho education system, consisting of the unique agencies and institutions governed by the Board, delivers public primary/secondary/postsecondary education, training, rehabilitation and information/research services in the state and, on a limited basis, to other states or countries. These agencies and institutions collaborate to provide a diverse population with educational programs and services that are high quality, accessible, relevant and efficient. To that end, the Board has adopted the following goals and objectives for the education system:

- I. Direct efforts to continuously improve the quality of Idaho's education, training, rehabilitation and information/research services to gain program competitiveness, high levels of achievement, and a well-informed citizenry.

- II. Provide individuals of all ages and abilities access to education, training, rehabilitation and information/research services to develop their skills, knowledge and social awareness in order to be globally competitive workers, responsible citizens, and lifelong learners.
- III. Ensure education, training, rehabilitation and information/research services are relevant to the needs of Idaho's citizens, workforce, business, industry, and local, state, and federal government.
- IV. Ensure maximum benefit from education resources through efficient operation and management of the education system and investments in student learning centered software

IPTV Mission

The mission of Idaho Public Television is to meet the needs and reflect the interests of its varied audiences by:

- Providing quality educational and cultural television and related resources;
- Creating Idaho based programs and resources;
- Establishing and maintaining statewide industry-standard delivery systems to provide television and other media to Idaho homes and schools;
- Providing learning opportunities and fostering participation and collaboration in educational and civic activities; and
- Attracting, developing, and retaining talented and motivated employees who are committed to accomplishing the shared vision of Idaho Public Television.

IdahoPTV Strategies:

- Provide high quality television and web programming.
- Contribute to a well-informed citizenry.
- Provide relevant Idaho-specific information.
- Be a relevant educational and informational resource for all citizens.
- Broadcast programs, and provide related resources, that specifically serve the needs of underserved audiences, which include children, ethnic minorities, and learners and teachers.
- Provide access to IdahoPTV television content that accommodates the needs of the hearing and sight impaired.
- Provide additional access to citizens anywhere in the state to IdahoPTV and PBS resources which support citizen participation and educational goals, via the WWW.
- Progress towards DTV implementation, as "a statewide infrastructure in cooperation with public and private entities capable of converging voice, video and data technologies."
- Foster and nurture collaborative partnerships.
- Seek increased levels of state, local, and private sector support.

Relationship of proposed strategies and performance measures to SBOE Goals

Goal I: Direct efforts to continuously improve the quality of Idaho's education, training, rehabilitation and information/research services to gain program competitiveness, high levels of achievement, and a well-informed citizenry.

Objectives:

6. Support the implementation of a program of state aid to all types of public broadcasting and libraries (public school, academic, and special).

IdahoPTV Strategies & Performance Measures:

1. **Progress towards DTV implementation**, as measured by:
 - a. DTV channel-hours of transmission
 - b. Number of transmitters broadcasting a DTV signal (5 required by 5/2003)
 - c. Percentage of Idaho population within our DTV signal coverage area
2. **Provide high quality television and web programming** as measured by the number of national awards received by:
 - a. IdahoPTV productions
 - b. Programs procured by IdahoPTV for broadcast in Idaho

Goal II: Provide individuals of all ages and abilities access to education, training, rehabilitation and information/research services to develop their skills, knowledge and social awareness in order to be globally competitive workers, responsible citizens, and lifelong learners.

Objectives:

2. Ensure Idaho's education system operates as a "seamless" system (without barriers between its various elements).
 - Facilitate mobility among education programs and services.
 - Encourage articulated credit between secondary schools and postsecondary institutions and among postsecondary institutions.
 - Develop universal access to library/archival services (public, school, academic, and special) for all Idahoans.
3. Provide opportunities for all citizens, in all parts of the state, to obtain needed education, training, rehabilitation and information/research services through appropriate delivery modes at convenient locations.
 - Develop a statewide infrastructure in cooperation with public and private entities capable of converging voice, video and data technologies.
 - Support an environment conducive to developing, testing, and implementing new technologies by creating incentives with quantifiable outcomes for using leading edge software in the educational process.
 - Strive for flexible technology systems that support industry-accepted, open standards and have a high degree of interoperability and compatibility.
 - Support a statewide network of libraries and public broadcasting to provide local access to global information.
 - Embrace cooperative ventures between the agencies and institutions within the education system to offer programs and services in all parts of the state.
4. Foster an education system that creates equal access and accommodates students with different learning

styles and those with special needs.

5. Encourage and facilitate inclusion of Idaho's minorities in the education system.
6. Increase the rate of postsecondary school attendance and improve opportunities for high school graduates to continue their education at postsecondary institutions.
 - Expand state-supported scholarship and financial aid opportunities.
 - Seek improved state appropriations for postsecondary education services to reduce reliance on student fees.
7. Expand outreach, research/demonstration programs, and partnerships (public / private / in state / out-of-state) to meet Idaho's growing educational, environmental, societal, cultural and economic needs.

IdahoPTV Strategies & Performance Measures:

1. **Foster and nurture collaborative partnerships.** The number of collaborative partnerships (public / private / in state / out-of-state) - displayed in matrix form, becomes the performance measure.
2. **Provide access to IdahoPTV television content that accommodates the needs of the hearing and sight impaired.** Performance to be measured by the percentage of broadcast hours of closed captioned programming (non-live, i.e. videotaped) to aid visual learners and the hearing impaired, and b) descriptive video service provided via the second audio program to aid those with impaired vision.
3. **Broadcast programs, and provide related resources, that specifically serve the needs of the following underserved audiences (displayed in matrix form):**
 - a. **Children** (as measured by channel hours of programming designed specifically for children)
 - b. **Ethnic minorities** (as measured by channel hours of programming that addresses diversity, citizenship issues, English as a second language, or includes a Spanish-language audio channel)
 - c. **Learners and teachers** (as measured by channel hours of programs appropriate for use in the K-20 classroom, telecourses, teacher professional development resources, adult basic education resources, and technological literacy)
4. **Provide additional access to citizens anywhere in the state to IdahoPTV and PBS resources which support citizen participation and educational goals, via the WWW.** The number of visitors to our web sites becomes the performance measure.
5. **Progress towards DTV implementation, as "a statewide infrastructure in cooperation with public and private entities capable of converging voice, video and data technologies,"** as measured by:
 - a. DTV channel-hours of transmission
 - b. Number of transmitters broadcasting a DTV signal (5 required at full implementation)
 - c. Percentage of Idaho population within our DTV signal coverage area

Goal III: Ensure education, training, rehabilitation and information/research services are relevant to the needs of Idaho's citizens, workforce, business, industry, and local, state, and federal government.

Objectives:

1. Develop a more realistic approach to education program approval and funding making sure that funds are distributed equitably to meet the needs of all Idahoans.
2. Monitor existing education, training, rehabilitation and information/research programs and services, including program content and delivery, for continued relevance to Idaho's needs, within a global setting.
3. Monitor community and statewide needs for education, training, rehabilitation and information/research programs and services and, as appropriate to role and mission, develop/implement new programs and services to meet the emerging needs of Idaho's communities and economy.
4. Evaluate and continuously refine statewide learning/exiting standards and assessments at each grade level (K-12) to ensure public school students possess the skills and knowledge needed to face the

challenges of a changing world.

5. Ensure that state-funded research projects and cooperative partnerships are organized and structured to meet identified needs and/or enhance Idaho's economy or environment.
6. Facilitate the formulation and implementation of public policy in Idaho by a citizenry that stays well informed through access to relevant, accurate data and information.

IdahoPTV Strategies & Performance Measures:

1. **Contribute to a well-informed citizenry**, as measured by the number of channel-hours of public affairs programming broadcast.
2. **Provide relevant Idaho-specific information**, as measured by...
 - the number of channel-hours of Idaho-specific programming broadcast.
 - the number of IdahoPTV Idaho-specific productions produced during the year.
3. **Be a relevant educational and informational resource for all citizens, but particularly for children and the elderly**, as measured by Nielsen Station Audience reports on
 - Children, less than 12 years old, viewing IdahoPTV
 - Adults, of 50+ years, viewing IdahoPTV
 - Total audience viewing IdahoPTV

Goal IV: Ensure maximum benefit from education resources through efficient operation and management of the education system and investments in student learning centered software

Objectives:

1. Continue to refine and update institution and agency role and mission statements to provide focus and eliminate unnecessary duplication of programs and services.
2. Foster partnerships and cooperative ventures among the agencies and institutions within the education system.
3. Seek increased levels of state, local, and private sector support for all education programs (elementary, secondary and postsecondary, research, libraries and library networks) and ensure appropriate levels of accountability for all education funds.
4. Provide accountability to the State Legislature and general public by identifying and measuring performance throughout the education system.
5. Direct efforts to reduce the dropout rate and increase retention of high school and college students who are seeking their degrees/certificates.
6. Encourage the allocation of resources to improve instructional facilities and increase operational efficiency through the coordinated use of technology.
7. Encourage and reward innovative approaches for organizing and delivering education, training, rehabilitation, and information/research services.
8. Support the development of libraries as leaders in the application of appropriate technology to information access.

IdahoPTV Strategies & Performance Measures:

1. **Seek increased levels of state, local, and private sector support.** Measure as the absolute dollar value of the IdahoPTV operating budget not covered by direct Idaho JFAC-approved state contribution.

Appendix D—IDPTV Program Decision Making Process

Idaho Public Television Program Decision-Making Process

by Ron Pisaneschi, IDPTV Director of Broadcasting

Gathering Input

Idaho Public Television's Program Decision-Making process begins by collecting information about viewer interests from a variety of sources. This process continues throughout the year. Sources of information include:

- Letters
- Telephone Calls
- E-mail
- Pledges (Number of pledges around specific programs)
- Input from Board members of:
 - State Board Of Education
 - Friends Of Idaho Public Television, KAID/KIPT
 - Friends Of Idaho Public Television, KISU
 - Friends Of Idaho Public Television, KUID/KCDT
 - Idaho Public Television Foundation
- Nielsen Survey Index (Audience Analysis)
- TRAC Media Services (Audience Analysis)
- Newspapers/Radio/TV Coverage Of Issues And Concerns
- Input from public events such as:
 - Civic Club Speeches By Staff
 - Trends From Other Regional & National PBS Stations
 - Parent Workshops (43 last year)
 - Child Care Workshops (28 last year)
 - 42 *First Book Partners* via telephone 4 times a year, in face-to-face meetings, and in their initial application and the final report.
 - Community events such as the week-long *Girls Making TV Day Camp*
 - Fairs, meetings and conferences where IDPTV has a booth, such as the Hispanic Issues Conference, the Children's Fair, the Idaho Library Conference, and the All About Families Fair.
 - Conferences put on by child care resource and referral agencies where IDPTV is both a presenter and exhibitor.
 - Teacher in-service gatherings such as the ISU Quality Education Conference and the annual Social Studies Teachers Conference where IDPTV is both a presenter and exhibitor.
 - Foster Grandparents Groups (3 last year)
 - Special-interest group meetings such as Adult Basic Education and the Idaho Coalition For Adult Literacy.
 - Teen gatherings such as *Safe Night* in Idaho Falls.
 - Preview Parties at an Indian reservation, at an art gallery and attended by 600 farmers and others interested in farm issues,.
 - Campus Christian Center Discussion groups based on the PBS program *Religion And Ethics*.

- Workshops For Pre-Service Teachers
- Town Meetings (This year in Kellogg, Council, Horseshoe Bend, and The Boise City Club)
- Teen-Parent classes
- Story Times at libraries and bookstores

Sources Of Programming

Representatives from Idaho Public Television screen programs throughout the year to determine which programs should be on the air. They also meet with independent program distributors and producers to review program possibilities. Some of the sources of programs from which Idaho Public Television selects its programs include:

- PBS Offerings (Monthly Screenings)
- American Public Television Offerings (Quarterly Screenings)
- National Educational Telecommunications Assn (NETA) Offerings (Annual Screenings)
- Continental Program Marketing (CEN) Offerings
- Westlink (Regional Program Offerings)
- BBC And Other Foreign Producers
- Acquisitions Directly From Independent Producers

These programs are supplemented with programs to which the network holds existing rights.

Local and Independent Productions

If existing programs cannot be found to address audience interests and needs that may be very unique to Idaho, Idaho Public Television addresses these concerns through its local productions, and by contracting or collaborating with independent producers. Examples of some of IDPTV's ongoing series and one-time specials include:

Local IDPTV Productions

- Dialogue (30 Minutes X 52 Weeks Per Year)
- Outdoor Idaho (30 Minutes X 52 Weeks Per Year)
- Idaho Reports (30 & 60 Minutes X 13 Weeks)
- Idaho Debates
- Public Affairs Program Specials
- Idaho Teacher Technology Training Series
- Limited Run Documentaries (e.g., *Mental Illness In Idaho*, and *Idaho: An Aerial Tapestry*.)

Independent Local Productions

- North Idaho Forum
- Idaho Issues
- Bomber Boys

Program Evaluation

In the process of reviewing program alternatives the staff of IDPTV use the PBS Programming Guidelines to assist them in the evaluation process. These guidelines look at such factors as:

Program Quality

- Excellence
- Creativity
- Artistry
- Timeliness

- Technical Virtuosity

Diversity

- Access To Full Range Of Ideas, Information, And Viewpoints
- Wide Range Of Producers To Assure Variety Of Subjects & Approaches
- Programs That Reflect Pluralism Of Our Society Including Women & Minorities

Editorial Integrity

- Fairness
- Accuracy
- Objectivity
- Balance
- Courage & Controversy
- Substance Over Technique
- Experimentation & Innovation
- Exploration Of Significant Subjects
- Unprofessional Conduct
- Unacceptable Production Practices

Funding Standards & Practices

- Editorial Control Test
- Perception Test
- Commercialism Test

Scheduling Programs

There are numerous factors that go into deciding where a program should be placed in the overall Idaho Public Television schedule. Some of these factors include:

- PBS national and regional station schedules
- The existence of significant national and local promotion (i.e. magazines and local newspapers)
- Viewer Feedback
 - Mail, email, telephone calls, pledges
 - Nielsen Survey Index (Audience Analysis)
 - TRAC Media Services (Audience Analysis)
- Designated Genre Time Slots
 - Broad demographic programs—Early Evenings
 - Children's Basic Skills Program—M-F daytime, Sat + Sun mornings
 - How-To Programs—Sat + Sun afternoons
 - Instructional Television—IdahoPTV Overnight
 - Continuing Education Telecourses—Sat Morning
 - Mature Themes (Masterpiece Theatre, Mystery, Documentaries, etc.)—Evenings after 9pm

Public Information About Programming

Once programs have been scheduled, Idaho Public Television uses a variety of processes to inform viewers about when programs have been scheduled, what the programs are about, and what to expect in terms of audience suitability. Some of these processes include:

- On-Air Promotion (Scheduled when targeted audiences are likely to be viewing)
- *Idaho Channels* Monthly Members Guide
- www.idahoptv.org Web Site

Media Press Releases

- Limited Paid Advertising
 - TV
 - Radio
 - Newspaper
 - Magazines
- Email, Listserv's
- IDPTV's *Connections* Newsletter for parents and caregivers
- IDPTV's *Technology Toolbox* Newsletter for Educators (two issues per month, one for Elementary/Middle School, the other for High School/Middle School.)
- IDPTV's Summer Connections Newsletter for Students (88,000 per summer)
- Viewer Advisories
- TV Rating (NAB Voluntary System)
 - Every program aired is rated: TV-G, TV-PG, TV-M, etc.
 - The rating is prominently displayed during the first fifteen seconds of the program
- IDPTV's Viewer Discretion Advisory
 - 10-second spot run before designated program: "The following program may contain material objectionable to some family viewing. Viewer discretion is advised."
 - Designation noted in Idaho Channels when information is available
 - Designation noted in program listing on www.idahoptv.org when information is available

Appendix E—Public Broadcasting Services Program Policies

PUBLIC BROADCASTING SERVICE PROGRAM POLICIES (1987)

I. Introduction

The Statement of Policy on Program Standards ("Program Standards"), adopted in 1971, and the Document of Journalism Standards and Guidelines ("Journalism Guidelines"), adopted in 1972, contain the fundamental principles that have guided the program decisions of the Public Broadcasting Service ("PBS"). While the principles embodied in those policies remain as valid today as when they were first adopted, public television has matured and changed. As the original Program Standards themselves recognize, such changes warrant "periodic review of procedures to establish and implement program standards and practices, and a revision of the statement as required."

This document is the result of such a review and is intended to replace both the Program Standards and Journalism Guidelines. It clarifies and codifies, for the benefit of PBS, its member stations, and producers, the policies that guide PBS's evaluation of programs. PBS's decision to accept or reject a program is symbolized by the conferring or withholding of the PBS logo. The appearance of the PBS animated logo at the close of a program is the imprimatur of PBS's decision to accept a program for national distribution. This document also articulates some of the unwritten policies that have evolved since 1972 and clarifies the respective responsibilities of local broadcast stations, producers, and PBS in light of the past fifteen years' experience.

II. Guiding Principles

The Public Broadcasting Service is a nonprofit membership corporation whose members are licensees

of noncommercial educational (or "public") television stations. PBS is owned and governed by its member stations, and its purpose is to serve their needs. Four fundamental principles shape the program service that PBS provides to its member stations: editorial integrity, program quality, program diversity, and local station autonomy.

The terms "stations," "member stations," and "licensees" are often used interchangeably, but have different technical meanings. "Licensees" refers to noncommercial entities authorized by the Federal Communications Commission to operate full-power VHF and UHF television transmitters. In some cases, a licensee is the "parent" of two or more stations in different communities. If these stations meet certain criteria for programming and fiscal independence, they may qualify as independent PBS "member stations." Unless otherwise specified, "stations" refers to the PBS member stations.

A. Editorial Integrity

PBS's reputation for quality reflects the public's trust in the editorial integrity of PBS programs and the process by which they are selected. To maintain that trust, PBS and its member stations are responsible for shielding the programming process from political pressure or improper influences from program funders or other sources. PBS must also make every effort to ensure that the programs it distributes satisfy those editorial standards that are designed to assure program integrity.

B. Program Quality

In selecting programs for its service, PBS seeks to obtain the highest quality programs available. Selection decisions require professional judgments about many different aspects of program quality, including but not limited to excellence, creativity, artistry, accuracy, balance, fairness, timeliness, innovation, boldness, thoroughness, credibility, and technical virtuosity. Similar judgments must be made about the program's ability to stimulate, enlighten, educate, inform, challenge, entertain, and amuse:

C. Diversity

To enhance each member station's ability to provide a program service that meets its local needs, PBS strives to offer a wide choice of quality programs. Program diversity furthers the goals of a democratic society by enhancing public access to the full range of ideas, information, and viewpoints required to make informed judgments about the issues of our time. It also furthers public television's special mandate to serve many different and discrete audiences.

The diversity of public television producers and funders helps to assure a wide variety of program subjects and approaches, providing a bulwark against program domination by any single point of view. The goal of diversity also requires continuing efforts to assure that PBS programs fully reflect the pluralism of our society, including, for example, appropriate representation of women and minorities.

D. Local Station Autonomy

Public television's programming philosophy rests on the belief that the greatest potential of television is realized when it serves the unique needs of the local community, and on the recognition that there are wide variations in local program needs and tastes. No one is better qualified to determine and respond to those local needs than the public television station licensed to that community.

PBS's role is to assist each station in the exercise of its independent programming responsibility

by: giving its member stations the broadest possible range of program options, consistent with these Program Policies; providing stations with timely information necessary to make informed judgments about a program's suitability for local broadcast; and making PBS's program selection process responsive to stations' needs.

III. Roles and Responsibilities

Producers, PBS, and local public television stations each play essential and distinct roles in the public television programming process. PBS is charged by its member stations with responsibility for reviewing, selecting, scheduling, promoting, distributing, and, on occasion, developing and funding programs. Although PBS is expected to encourage and otherwise foster the production of quality programs, PBS does not itself produce any programs. As a result, programs distributed by PBS are produced by people who are not employed by PBS and over whom PBS exercises no direct authority.

A. Producers

Programs distributed by PBS are produced by a diverse group that includes public television stations, independent institutions such as the Children's Television Workshop, independent producers (ranging from individual filmmakers to major studios), foreign producers and broadcast organizations, and individuals or organizations not normally in the program production business.

Primary responsibility for the content of a program necessarily rests with the producer because it is the producer who creates the program and is uniquely in a position to control all of its elements. Not only would it be impractical for PBS to second-guess the producer's decisions at each step of the production process, but respect for that process demands that producers be allowed the editorial freedom required for creativity to flourish. Thus, in selecting a program for distribution, PBS, and in turn those stations that broadcast the program, must rely heavily on the producer's honesty, integrity, talent, skill, and good faith.

To assure that completed programs meet the standards embodied in these Program Policies, PBS and the producer have a mutual obligation to maintain effective liaison during the production process. The goal of this liaison is to provide opportunities for early notice and resolution of problems. Thus, PBS has a responsibility to make its Program Policies known to producers, and producers have an obligation to inform themselves about and adhere to PBS's policies.

B. PBS

While the producer bears responsibility for program production decisions, PBS bears responsibility and discretion for deciding whether to accept and distribute the program with the imprimatur of the PBS logo, as well as deciding when to schedule the program for national distribution. Before accepting a program, PBS evaluates it to determine whether it meets the standards in these Program Policies. PBS constructs its overall program schedule with a view towards assuring, over time, a diversity of subjects, viewpoints, formats, techniques, and program sources.

C. Local Public Television Stations

Each public television licensee bears a non-delegable duty to assure that its program service fulfills its statutory obligations as a broadcaster. While other entities, including PBS, may assist the local station to fulfill those obligations, final responsibility for the quality and integrity of its broadcast service rests with each individual station. Thus, even though PBS has accepted a program and made it available to the local station, that station has sole discretion to decide whether and when to broadcast it.

In addition to broadcasting PBS programs, public television stations produce their own programs

and obtain programs -- including some rejected by PBS - from suppliers other than PBS. Thus, denying the PBS logo to a program does not bar it from broadcast on local public television stations. There are many alternative means of distributing programs to public television stations, including the statutorily-mandated alternative of distribution over the public television satellite interconnection system. PBS, however, makes no judgment as to the suitability for broadcast of any program that does not bear the PBS logo.

The PBS logo identifies programs accepted by PBS, as distinct from other program distributors. As the symbol of acceptance by PBS, the PBS logo also conveys important information to viewers, and a station may not remove the PBS logo from a program without PBS's consent.

Although PBS strives to provide a balanced program service, member stations often choose not to carry that service in its entirety, and each makes different decisions about how best to supplement PBS's programs. Therefore, each station is ultimately responsible for assuring an appropriate balance of subject and viewpoint across its broadcast schedule and for complying with all applicable federal statutes and regulations.

IV. Editorial Standards

Precision in editorial standards is especially difficult because it is impossible to articulate every criterion that might enter into the evaluation of a program's quality and integrity. Moreover, a criterion considered mandatory for straight news reporting may not always be appropriate for a documentary or dramatic program.

Program evaluation is an art, not a science, requiring professional judgments about a program's value in relation to a broad range of informational, aesthetic, technical, and other considerations. PBS's task, therefore, is to weigh the merits of the programs submitted to it and assure that the overall program schedule strikes the best balance among these considerations. These Editorial Standards embody the goals of integrity, quality, and excellence to which PBS aspires in its program service, recognizing that not all of these standards apply equally to all program formats or subjects, and that not all programs succeed equally in satisfying all of these standards.

PBS recognizes that the producer of an informational program deals neither in absolute truth nor in absolute objectivity. Information is by nature fragmentary; the honesty of a program can never be measured by a precise, scientifically verifiable formula. Therefore, the quality of a program must depend, at bottom, on the producer's professionalism, independence, integrity, sound judgment, and common sense.

By placing its logo on a program, PBS makes itself accountable for the quality and integrity of the program. Program integrity encompasses not only the concerns addressed in these Editorial Standards, but also the concerns about improper funder influence and commercialism addressed in the National Program Funding Standards and Practices. If PBS concludes that a program fails to satisfy PBS's overall standard of quality or any applicable journalistic standard or production practice, PBS may reject and withhold its logo from the program.

A. Fairness

In fairness to the viewer, producers must neither oversimplify complex situations nor camouflage straightforward facts. PBS may reject and withhold its logo from a program if PBS knows that it contains any unfair or misleading presentation of facts, including inaccurate statements of material fact, undocumented statements of fact that appear questionable on their face, misleading juxtapositions, misrepresentations, or distortions.

To avoid misleading viewers, producers should provide appropriate labels, disclaimers, updates, or

other information so that viewers understand what they are seeing. For example, programs that contain commentary, points of view, or opinion should be appropriately identified. Programs that contain adult themes or other sensitive material should contain an appropriate disclosure so that viewers may make an informed decision whether to watch.

Producers should treat the people who are the subjects of, or who appear in, their programs fairly and with respect. PBS will withhold its logo from a program if, in PBS's judgment, it unfairly treats the people or the views they present. Fair treatment of program participants generally requires that a producer represent fairly the words and actions of the people portrayed in a program and give individuals or organizations that are the subject of attack an opportunity to respond. Fairness also requires that a producer be willing to consider contrary information.

B. Accuracy

The honesty and integrity of an informational program depends heavily upon its factual accuracy. Every effort must be made to assure that program content is presented accurately and in context. Editorials, analysis, commentary, and point-of-view programs must be held to the same standards of factual accuracy as news reports.

Where necessary, PBS may undertake independent verification of the accuracy of programs submitted to it. Producers of informational programs must exercise extreme care in verifying information, especially as it may relate to accusations of wrongdoing, and be prepared to correct material errors. PBS will reject and withhold the PBS logo from a program that, in its judgment, fails to meet PBS's standard of accuracy.

C. Objectivity

Along with fairness and accuracy, objectivity is the third basic standard to which journalists are held in reporting news. News reporting permits no room for personal bias or distortion by conscious manipulation of selected facts or other program elements. While PBS holds all news programs to this standard of objectivity, PBS recognizes that other program formats may not have the objective presentation of facts as their goal.

Programs containing analysis, opinion, and points of view play an important role in informing the public about issues. Therefore, while PBS pursues objectivity in its news coverage, that pursuit should not stifle the expression of points of view either in segments of news reports or in other PBS programs.

D. Balance

PBS seeks to present, over time, programs that address a broad range of subjects from a variety of viewpoints. In evaluating programs, PBS may, however, consider not only the extent to which the program contributes to balance over the full PBS schedule, but also the extent to which the program's internal treatment of subject matter is fairly balanced.

Where appropriate, PBS may condition acceptance of a program on the producer's willingness to further the goal of balance by deleting designated footage or including other points of view on the issues presented or material from which a viewer might draw a conclusion different from that favored in the program. The program material to be added may range from a few words, to a complete program segment, to an added episode in a series, to the production of an entirely separate, new program. Where PBS deems it appropriate, PBS may arrange for the production of additional programs or program material by a producer other than the producer of the original program:

E. Courage and Controversy

PBS seeks programs that provide courageous and responsible treatment of issues and that report and comment, with honesty and candor, on social, political, and economic tensions, disagreements, and divisions. The surest road to intellectual stagnation and social isolation is to stifle the expression of uncommon ideas; today's dissent may be tomorrow's orthodoxy. The ultimate task of weighing and judging a program's information and viewpoint is, in a free and open society, the task of the viewer. Therefore, PBS seeks to assure that its overall program schedule contains a broad range of opinions and points of view, including those from outside society's existing consensus, presented in a responsible manner and consistent with the standards set forth in these Program Policies.

F. Substance Over Technique

Advances in production technology carry with them the possibility that technique may overwhelm substance, distorting the information content of a program or distracting the viewer's attention from its central thrust. Neither people nor ideas ought to be victimized by technical trickery. PBS will reject and withhold its logo from a program that, in its judgment, disserves the viewer or its subject matter by inappropriately pursuing technique at the expense of substance.

G. Experimentation and Innovation

PBS seeks programs that are innovative in format, technique, or content. The absence of commercial considerations accords PBS the freedom to experiment in ways not always tolerable in the commercial environment. The potential for innovation can be fully realized only if PBS is bold enough to take occasional risks. For PBS, this freedom is tempered by the knowledge that innovation is not a virtue if the result is a program so eccentric that its member stations will not broadcast it or viewers will not watch.

H. Exploration of Significant Subjects

Unlike their commercial counterparts, public television stations do not sell time for profit and are, therefore, free from the constraints that compel commercial broadcasters to pursue the largest audience. PBS seeks programs that will enable its member stations to explore significant subjects even if those subjects or their treatment may not be expected to appeal to a large audience.

I. Unprofessional Conduct

PBS expects producers to adhere to the highest professional standards. PBS may reject and withhold the PBS logo from a program if PBS has reason to believe that a producer has violated basic standards of professional conduct.

J. Unacceptable Production Practices

It is impossible to anticipate every situation with which a producer of an informational program must contend. Nevertheless, certain areas present such frequently encountered dangers that they merit explicit warning:

1. Staging. Producers of news programs should not stage events or suggest that others stage events for the sake of broadcast coverage.
2. Re-creations and Simulations. In instances where recreations or simulations of actual events are necessary and desirable, they should be clearly identified if there is any possibility that the viewer would be confused or misled.

3. Distorted Editing. All producers face the necessity of selection -which material is to be left in, which is to be edited out. Reducing and organizing this information is part of the producer's craft.

It is the objective of the editing process to collect and order information in a manner that fairly portrays reality. Producers must assure that edited material remains faithful in tone and substance to that reality. In editing programs, producers of informational programs must not sensationalize events or create a misleading or unfair version of what actually occurred. When significant interruptions of time or changes of setting occur, they should be unambiguously identified for the viewer.

4. Misrepresentation. The credibility of a program is jeopardized whenever the viewer or a program participant is duped or feels duped as, for example, when a producer misleads an interviewee concerning the purpose of the interview. Honesty, candor and common courtesy must govern producers' behavior.
5. Pre-trial Publicity. Our legal system presumes that criminal defendants are innocent until proven guilty. In reporting on crimes and related legal proceedings, producers must be sensitive to the rights of the accused to a fair trial and the effect of pre-trial publicity. Producers should be wary of self-serving statements from both prosecuting and defense attorneys. They should also remain cautious about using alleged evidence in any program scheduled for pre-trial broadcast.
6. Media Manipulation. Manipulation can be effected either by the media or others seeking to use the media for their own purposes. Television is an extraordinarily powerful instrument; the mere presence of television cameras can change or influence events. Producers must minimize, and, to the extent possible, eliminate this interference. In crowds, demonstrations, and riots, during terrorist incidents, and in other similar circumstances, camera crews and production teams should seek to be as inconspicuous as possible, and, as appropriate, cap lenses or withdraw completely when their presence might incite an extreme reaction or unduly influence the course of events.
7. Manipulation of the Viewer. The use of music and sound effects, dramatic lighting or staging, or other artificial effects can subtly affect the impression left with the viewer. Producers must exercise care not to use such techniques in a way that is unfairly manipulative.

PBS may reject and withhold its logo from any program that, in its judgment, violates the production practices identified above or shows evidence of any other production practice that is not consistent with accepted professional standards.

K. Objectionable Material

Responsible treatment of important issues may sometimes require the inclusion of controversial or sensitive material, but good taste must prevail in PBS programs. Morbid or sensational details, or material that is gratuitously offensive to general taste or manners (e.g., extreme violence, racial epithets, strong language, nudity, sexism) should not be included unless it is necessary to an understanding of the matter at hand.

Questions of taste cannot be answered in the abstract, but when specific problems arise, they must be resolved in light of contemporary standards of taste, the state of the law, and the newsworthiness and overall value of the material. If PBS concludes that the exclusion of such material would distort an important reality or impair the program's artistic quality, PBS may accept the program provided it carries appropriate notice to the viewer. Conversely, PBS may reject and

withhold the PBS logo from a program that, in its judgment, needlessly contains objectionable material that compromises the program's quality or integrity.

In conclusion, the Editorial Standards set forth above embody some of the basic principles that inform PBS's judgments about program quality and integrity. For any given program, however, considerations other than those identified above may be relevant. Judgments about program quality, integrity, and diversity also turn upon a host of non-journalistic considerations. Ultimately, the decision to accept or reject a program must reflect a professional judgment whether the program satisfies PBS's overall standards of quality, integrity and diversity. PBS may reject and withhold its logo from any program that fails to do so.

Appendix F—Principles of Editorial Integrity

STATEMENT OF PRINCIPLES OF EDITORIAL INTEGRITY IN PUBLIC BROADCASTING

The mission of public broadcasting is to bring to Americans the highest accomplishments of our society and civilization in all of its rich diversity, to permit American talent to fulfill the potential of the electronic media to educate and inform, and to provide opportunities for the diverse groupings of the American people to benefit from a pattern of programming unavailable from other sources.^[48]

No one is more important to the fulfillment of public broadcasting's mission than the men and women of the boards of trustees of the licensee stations. They are custodians of their institutions' fiscal reputation, a currency necessary to acquire support from those whose taxes and donations make public broadcasting possible. They are also the final guardians of public broadcasting's editorial integrity and its reputation in the marketplace of ideas, where reputation is legal tender.

Editorial integrity in public broadcasting programming means the responsible application by professional practitioners of a free and independent decision-making process which is ultimately accountable to the needs and interests of all citizens.

In order to assure that programs meet the standards of editorial integrity the public has a right to expect, the following five principles and guidelines establish a foundation for trustee action. The principles and guidelines also form a basic standard by which the services of a public broadcasting licensee can be judged. At the same time, they form a basis for evaluating all aspects of a public broadcasting station's governance, from enabling legislation to the policy positions of the licensee board. The ultimate goal of the principles and guidelines is to assist public broadcasting trustees in fulfilling their vital role in this important public service.

I. We Are Trustees of a Public Service.

Public broadcasting was created to provide a wide range of programming services of the highest professionalism and quality which can educate, enlighten and entertain the American public, its audience and source of support. It is a noncommercial enterprise, reflecting the worthy purpose of the federal and state governments to provide education and cultural enrichment to their citizens.

As trustees of this public service, part of our job is to educate all citizens and public policymakers to our function, and to assure that we can certify to all citizens that station management responsibly exercises the editorial freedom necessary to achieve public broadcasting's mission effectively.

II. Our Service Is Programming.

The purpose of public broadcasting is to offer its audience public and educational programming which provides alternatives in quality, type and scheduling. All activities of a public broadcasting licensee exist solely to enhance and support excellent programs. No matter how well other activities are performed, public broadcasting will be judged by its programming service and the value of that service to its audiences.

As trustees, we must create the climate, the policies and the sense of direction which assure that the mission of providing high quality programming remains paramount.

III. Credibility Is the Currency of our Programming.

As surely as programming is our purpose, and the product by which our audiences judge our value, that judgment will depend upon their confidence that our programming is free from undue or improper influence. Our role as trustees includes educating both citizens and public policymakers to the importance of this fact and to assuring that our stations meet this challenge in a responsible and efficient way.

As trustees, we must adopt policies and procedures which enable professional management to operate in a way which will give the public full confidence in the editorial integrity of our programming.

IV Many of our Responsibilities Are Grounded in Constitutional or Statutory Law.

Public broadcasting stations are subject to a variety of statutory and regulatory requirements and restrictions. These include the federal statute under which licensees must operate, as well as other applicable federal and state laws. Public broadcasting is also cloaked with the mantle of First Amendment protection of a free press and freedom of speech.

As trustees we must be sure that these responsibilities are met. To do so requires us to understand the legal and constitutional framework within which our stations operate, and to inform and educate those whose position or influence may affect the operation of our licensee.

V We Have a Fiduciary Responsibility for Public Funds.

Public broadcasting depends upon funds provided by individual and corporate contributions; and by local, state and federal taxes. Trustees must therefore develop and implement policies which can assure the public and their chosen public officials alike that this money is well spent.

As trustees, we must assure conformance to sound fiscal and management practices. We must also assure that the legal requirements placed on us by funding sources are met. At the same time, we must resist the inappropriate use of otherwise legitimate oversight procedures to distort the programming process which such funding supports.

Appendix G—Stakeholder Interviewees

Mr. Butch Alford, Lewiston Tribune
Mr. Jeff Anderson, KBCI-TV
Mr. Doug Armstrong, KTVB-TV
Governor Phil Batt, Former Governor
Mr. Jeff Beaman, Idaho Power Company

Representative Maxine Bell, Legislator
Mr. Tom Boyd, President, State Board of Education
Mr. Jerry Brady, Idaho Falls Post Register
Ms. Margaret Buchanan, Idaho Statesman
Senator Hal Bunderson, Legislator
Senator Dean Cameron, Legislator
Ms. Joan Carley, Benefactor
Mr. Greg Carr, Carr Center for Human Rights Policy, Kennedy School of Government
Mr. Frank Carroll, Potlatch
Mr. Trent Clark, Monsanto, Idaho GOP Chairman
Mr. Bill Drake, Elgin-Syfert-Drake Advertising Agency
Dr. Jerry Evans, Member, Friends of IdahoPTV: KAID/KIPT
Mr. Jim Everett, YMCA
Mr. Dave Ferdinand, Senior Vice President, Audiocast.net
Ms. Joy Fisher, President, Friends of IdahoPTV: KUID/KCDT, University of Idaho Foundation
Dr. Gregory Fitch, Executive Director, State Board of Education
Mr. Blake Hall, State Board of Education
Mr. Jim Hammond, State Board of Education
Mr. Jason Hancock, Legislative Budget Office
Mr. Vince Hannity, Boise Cascade
Mr. George Harad, Boise Cascade
Ms. Sam Haws, State Board of Education
Ms. Alice Hennessey, Idaho Community Foundation
Dr. Marilyn Howard, State Department of Education
Mr. Nick Ifft, Contributor
Representative Wendy Jaquet, Legislator
Mr. Grant Jones, Micron
Mr. Doug Jones, Magic Valley Foods
Senator Bob Lee, Legislator
Mr. Rod Lewis, Member of State Board of Education (responded by mail.)
Ms. Donna Mack, Benefactor
Mr. Darrell Manning, Division of Financial Management
Ms. Karen McGee, State Board of Education
Ms. Judy Meyer, Member, Friends of IdahoPTV: KUID/KCDT, Former SBOE Board Member
Mr. Nick Miller, President, Friends of IdahoPTV, KAID/KIPT, Attorney
Ms. Sally Monk, Benefactor
Ms. Bon Munson, Benefactor
Ms. Liz Ratcliff, Member, Friends of IdahoPTV: KAID/KIPT
Senator Mel Richardson, Legislator
Mr. Lee Roberts, Benefactor
Representative Ken Robison, Legislator
Senator Gary Schroeder, Legislator
Mr. Scott Simplot, Simplot Corporation
Mr. Ralph Smeed, Businessman
Ms. Margie Stoy, Retiring Executive Director, Boise Philharmonic
Representative Fred Tilman, Legislator
Mr. Jack Van Valkenberg, Executive Director, ACLU of Idaho
Mr. Frank Vandersloot, Melaleuca Inc.
Ms. Nancy Vannorsdel, President, IdahoPTV Foundation, Executive Director of the Boise Metro Chamber of Commerce
Ms. Anne Voilleque, Benefactor
Mr. Michael White, Member, Friends of IdahoPTV: KAID/KIPT
Mr. Tom Wilford, J.A. and Kathryn Albertson Foundation
Ms. Virginia Willard, Benefactor

Ms. Cindy Williams, Member, Friends of IdahoPTV: KAID/KIPT, Vice President, Community Development, US Bank
 Members of the Friends of IdahoPTV and IdahoPTV Foundation (by teleconference.)

Appendix H—IDPTV Potential Financial Options

Increased Expenses & Decreased State Funding	Amount	Source of Information/Assumption
Loss of state appropriation (FY01 amount)	\$ 1,579,000	IDPTV Director of Fiscal Affairs (DFA)
Higher fundraising costs	\$ 300,010	Difference between \$0.08 cost per dollar to raise state money (B&A estimate) and \$0.27 cost per dollar to raise private money (PBMA FY99 actual)
Market-priced purchase of state provided services	\$ 111,300	\$55,650 (per DFA) times 3, minus \$55,650 (B&A estimate)
Unfunded employee costs	\$ 230,000	IDPTV Financial Statements
Rent in Moscow and Pocatello	\$ 128,633	University calculation; documentation housed at IDPTV
Additional insurance costs	\$ 24,000	B&A estimate
Additional health care, retirement benefits costs	\$ 115,000	B&A estimate
Total Replacement Funds Needed - Version A	\$ 2,487,943	
If unfunded employee costs do not get charged (e.g., employee compensatory time, sick leave, vacation, administrative leave, etc.)	\$ (230,000)	
If rent in Moscow and Pocatello is not charged	\$ (128,633)	
Total Replacement Funds Needed - Version B	\$ 2,129,310	
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Cost Reduction Options/ Loss of Associated Revenue		
Completely shut down the Moscow, Pocatello and Coeur d'Alene transmitters	\$ 306,850	Pocatello FY00 budget of \$191,688 plus Moscow budget of \$103,667 for engineering and \$11,450 for administration (per IDPTV DFA)

Loss of membership and underwriting revenues from closing Moscow, Pocatello and Coeur d'Alene markets	\$ (341,600)	IDPTV DFA
Utility savings from shutting down above transmitters	\$ 32,100	B&A estimate. Assumes total utilities of \$53,500 as budgeted by IDPTV for FY00, divided by 5 transmitters, multiplied by 3 shut down transmitters
Loss of revenue earned from Moscow, Pocatello and Coeur d'Alene transmitters	\$ (80,000)	IDPTV DFA
Completely discontinue all educational services and outreach activities, except for those already paid for in PBS dues (e.g. Ready to Learn programming)	\$ 290,347	IDPTV DFA
Net potential cost savings	\$ 207,697	
Shortfall against Version A	\$ 2,280,246	
Shortfall against Version B	\$ 1,921,613	

Potential Revenue Streams for IDPTV

Receive market rate funding for K-12, adult education public affairs, technological literacy programs from state, educational institutions, or other sources	\$109,366 to \$1,619,005	IDPTV Educational Services Department
Receive market rate funding for non-broadcast outreach services currently provided free (e.g. educational access cable channel programming, workshops for parents, caregivers, teachers etc.)	\$ 314,757	IDPTV Educational Services Department
Assumed maximum potential revenue streams	\$424-123-\$1,933,762	B&A estimates that not all services would be desirable at a market rate. This potential revenue could be cut by 50 percent or more.

[1] Idaho Session Laws, Chapter 315, S.B. No. 1476.

[2] Idaho Session Laws, Chapter 475, H.B. No. 768.

[3] For further information about Idaho Public Television's educational activities see "Idaho Public Television's Educational Contributions, A Narrative Report," by Peter Morrill, presented to the Idaho State Board of Education, October 2000.

- [4] Bowker, R. R. Broadcast and Cable Yearbook, 2000, New Providence, NJ.
- [5] Nielsen, A.C. DMA Penetration Estimates, 1999.
- [6] Paul Kagan Associates, Inc, The Cable TV Financial Databook, 1999.
- [7] Corporation for Public Broadcasting, 2000 Annual Station Activities Survey.
- [8] TRAC Media Services is an independent firm specializing in public television research.
- [9] TRAC Media Services, Sweep Report, May 2000.
- [10] *A Public Trust: The Report of the Carnegie Commission on the Future of Public Broadcasting*. New York: Bantam, 1979.
- [11] See the *Report of the Special Committee on Program Policies and Procedures*, published by PBS on April 15, 1987 for a comprehensive discussion of these policies.
- [12] Both the Public Broadcasting Financing Action of 1975 and the Public Telecommunications Financing Act of 1978 authorized funding of CPB for five-year periods. Although the number of years of advanced funding has not always be constant, they have been at least two years in advance since 1975.
- [13] Oklahoma State Laws, Article 23, paragraph 23-102.
- [14] Muller, Nicholas P. "Analysis of First Amendment Rights of Public Broadcasters," memorandum to the Southern Educational Communications Association, November 1983.
- [15] *Ibid.*
- [16] Baird, Thomas D. "A Message Contrary to Idaho's Values," The Idaho Falls Post Register, September 7, 1999.
- [17] Dolan, Dan. PBS Research Department, E-mail message to Larry Dickerson, December 15, 2000.
- [18] Pisaneschi, Ron. Memo to Larry Dickerson dated November 28, 2000.
- [19] According to the Public Broadcasting Service's Program Data and Analysis Department, between January 1999 and December 2000, public television stations around the country aired over 70 programs that dealt with issues related to homosexuality.
- [20] Idaho Session Laws, Chapter 475, H.B. No. 768.
- [21] HRC No. 19, Idaho Session Law, March 1995.
- [22] Resolution 4: Privatizing Idaho Public Television, <http://idgop.org/docs/resolute.htm>.
- [23] Kristensen, Debora K. and Roy Lewis Eiguren in a letter to the Idaho State Senate, March 29, 2000.
- [24] Corn-Revere, Robert. Hogan & Hartson LLP, in a letter to Mr. Tom G. Boyd, President, Idaho State Board of Education, August 14, 2000.
- [25] Many of those interviewed offered both pro and con arguments.
- [26] For further information about the involvement of states in public broadcasting see National Public Radio, "Public Radio and Television and State Governments," April 1988, Washington, DC.
- [27] APTS State Funding for DTV Fact Sheet, 11/01/00
- [28] Maine Revised Statutes Title 20-A: Education. Part 1: General Provisions. Chapter 9: Public Broadcasting. Subchapter II: Gifts, Construction And Programming 852.
- [29]

APTS, *Ibid.*

[30] Maine Revised Statutes, *op. cit.*, Section 6.

[31] PBS, “Federal Communications Commission Digital Conversion Timeline,” October 1999.

[32] Trautman, James M., President Bortz Media & Sports Group, in a letter to Peter Morrill dated March 10, 2000.

[33] Felland, David. E-mail message to Larry Dickerson dated December 5, 2000.

[34] See Stakeholder Interviews section of this report.

[35] Dickerson, Larry. “Restructuring Public Radio and Television in Wisconsin,” June 2000, p. 38.

[36] Many Community licensees receive some in-kind support – for example media advertising trade-outs from commercial media outlets – but it is generally much less than that of state or university licensees.

[37] As indicated earlier, Hawaii Public Television will become a community licensee in July 2001.

[38] In this report, we use the term “network” for licensees such as IDPTV that run several stations, and “station” for single-station licensees.

[39] This figure is provided by PBS and is based on a projection of all the potential households in each public television market nationally.

[40] A. C. Nielsen is an independent measuring service used by commercial and non-commercial television stations throughout the U.S.

[41] Audience figures can vary considerably from one reporting period to another. The specific numbers referenced in this analysis are taken from a common reporting period in the PBMA survey and should not be considered indicative of IDPTV’s audience numbers over time.

[42] There is a significant amount of disagreement among public broadcasting professionals about the efficacy and impact of on-air fundraising. Until more definitive studies are done, this conclusion can only be speculative.

[43] FTEs were defined in the PBMA Best Practices Study as “an employee who works 35+ hours/week at an hourly rate at or above minimum wage.” FTEs were combined for reporting purposes, e.g., two employees who work an average of 17.5 hours per week would count as one full-time equivalent.

[44] Federal Communications Commission, Title 47, Code of Federal Regulations, Section 73.503.

[45] *Ibid.*

[46] Governmental and educational institutions are deemed to be “inherently representative.”

[47] See discussion of Legal Considerations earlier in this report.

[48] A Public Trust, *op. cit.*