Funding and Economics of American Public Television

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1. Introduction

The funding system for American public television (and public radio as well), particularly in comparison to its international counterparts, is unique in its complexity and variability. Although the current system of American public television was designed in the late 1960s with federal and state funds as its primary means of support, today private funds – including viewer contributions and corporate sponsorship – dominate public television programming and, to a lesser degree, public television operations. This paper provides an explanation of how American public television has historically been funded, its current financial makeup, and the implications that current trends and developments in new media are likely to have on the funding of American public television in the future.

1.1 A brief history of the medium

Especially when compared to older and more-established public television systems – such as the British Broadcasting Corporation (BBC) – American public television is highly decentralized. Instead of functioning as a centralized network, American public television is actually an amalgamation of approximately 350 individual stations, each with its own broadcasting license, individually tailored broadcast schedule, and station management. This structure is a holdover from the era prior to the 1967 Public Broadcasting Act, the federal legislation that first created the modern system of recurring, federal taxpayer support for public radio and television.

In the 1950s and 1960s, what is today called public television was an even looser amalgamation of educational television stations,[1] supported primarily by state legislatures, universities, and foun-

1 The Carnegie Commission is generally credited with coining and popularizing the phrase "public television"; its report, entitled *Public Television: A Program for Action*, was released in early 1967, and formed the blueprint for the federal legislation enacted in November of the year.

dation grants (most significantly, the Ford Foundation, which provided more than $200 million for public television and radio programming and facilities in the 1950s and 1960s).[2] The first federally funded television programming came under the auspices of the 1958 National Defense Education Act, a section of which was earmarked for "research and experimentation in the new media," for which it budgeted a total appropriation of $18 million.[3] Congress passed the Public Broadcasting Act in 1967 with an initial annual Congressional appropriation of $5 million. In 1996, the Congressional appropriation for public television and radio was $250 million; the appropriation that President Clinton signed into law in late 1997 allowed for $300 million annually in fiscal year 1999.

2. The Corporation for Public Broadcasting

The Corporation for Public Broadcasting (CPB) is the closest American approximation to a centralized public television agency, in that CPB receives funds primarily from the federal government and is governed by a presidentially selected board of directors.[4] Although President Johnson – whose administration authored and passed the Public Broadcasting Act – promised that public broadcasting would one day be funded through a steady, renewable mechanism – for example, an excise tax on televisions, or a television license fee comparable to the BBC's – neither his administration nor any subsequent administration or Congress has ever developed one. Instead,

2 For details, see Marilyn A. Lashner, "The Role of Foundations in Public Broadcasting, Part II: The Ford Foundation," *Journal of Broadcasting*, vol. 21, no. 2 (Spring 1977), pp. 235–54 and *Ford Foundation Activities in Noncommercial Broadcasting 1951–1976* (New York: Ford Foundation, 1980).

3 W. Wayne Alford, *NAEB History Volume 2: 1954 to 1965* (Washington, DC: National Association of Educational Broadcasters, 1966), p. 53.

4 The CPB is not, however, an agency of the federal government. It is a private, not-for-profit corporation. As such, it is not subject to certain laws that govern federal agencies, such as the Freedom of Information Act.

the CPB has historically been dependent on one-, two-, or three-year Congressional appropriations.

As of 1997, total income and expenditures for American public broadcasting now approaches $2 billion annually (for means of comparison, that figure is more than triple what it was in 1978). Broken down into component sources, this funding came from the following sources, in decreasing order of magnitude:

Subscribers:	22.2 %
State government:	16.7 %
Business:	15.3 %
Federal government (CPB):	14.9 %
Public universities:	8.4 %
Federal government:	7.0 %
Grants and contracts Foundations:	5.7 %
Local government:	3.0 %
Private universities:	1.4 %
Other public colleges:	1.1 %
Auction participants:	1.1 %
All other sources:	7.4 %[5]

By statute, the CPB may not spend more than 5 percent of federal allocations on administration and overhead expenses; CPB also spends a roughly comparable amount on "system support."[6]

3. Programming funds

A fundamental shift in the method of funding public broadcasting occurred in 1974. During the presidency of Richard Nixon, public television came under ferocious attack: in part because its adminis-

5 These figures are contained in *Frequently Asked Questions About Public Broadcasting 1997* (Washington, DC: Corporation for Public Broadcasting), p. 7.

6 Ibid, p. 8. In fiscal year 1997, for example, 6 percent of the CPB budget, or $13.0 million, was spent on "system support."

trators and on-screen talent were deemed to be politically "liberal" and opposed to the Vietnam War, and in part because the Nixon White House orchestrated a media campaign against the high salaries paid to two public television commentators. The Nixon administration wanted at times to eliminate the entire system of federal funding for public broadcasting, and came close to achieving this goal; overwhelming Congressional support for the medium kept it alive.

As a fallback measure, the Nixon administration tried to eliminate public affairs programming from public television, and used its appointments to the CPB's board of directors to funnel more money to the local stations thought to be more politically conservative. In large part responding to this decentralization pressure from the Nixon White House, the public broadcasting system moved the bulk of its programming funding away from large, Washington-centered organizations – such as CPB and PBS – and toward the individual stations themselves. Thus in 1972 stations received about 12 percent of CPB funds in the form of Community Service Grants (CSGs), while the national entities CPB and the Public Broadcasting Service (PBS) received a combined total of 76 percent of national funding for program production in distribution. Today, that structure is reversed: for fiscal year 1997, the total budget for CPB was $260 million, of which approximately $170.7 million – or 65.65 percent – went directly to affiliated stations in CSGs (Radio CSGs $40.5 million, TV CSGs $130.2 million) and $60.7 million – or 23.3 percent – in "programming support" ($17.3 million for radio programming, and $43.4 million for television programming).[7]

3.1 How much is spent on programming?

It is difficult to find a precise figure for how much public television spends on programming per year. As noted above, CPB spends $43.4 million on public television programming. Clearly, however,

7 These figures come from *Frequently Asked Questions About Public Broadcasting 1997* (Washington, DC: Corporation for Public Broadcasting, 1997), p. 8.

since CPB directly funds only a tiny portion of the offerings on public television, the true figure for programming expenditures is many times higher. The 1996 PBS annual report notes that the "1,936 hours of first-run programs distributed by PBS's National Program Service in Fiscal 1996" cost an estimated $291.6 million.

The overall, systemwide funding of public television programming, however, is much larger than these amounts would indicate. This is because a large percentage of programming distributed through PBS is paid for not by the central organizations of PBS or CPB, but by the public television stations themselves. The programming burden is not shared equally among stations: although there are more than 350 television stations nationwide affiliated with PBS, the overwhelming majority of them produce no programming that is distributed throughout the system. Instead, a handful of large stations throughout the system – such as WGBH (Boston), WETA (Washington, DC), WNET (New York/New Jersey), KCET (Los Angeles) – provide a majority of hours that are distributed nationally.

One station alone, for example, WGBH, is responsible for the regular systemwide distribution of such PBS staples as *The American Experience, Frontline, Mobil Masterpiece Theatre*, *Mystery!*, *NOVA*, and *This Old House*, as well as several others. This indicates a system tilted in favor of the stations. As one marketing businessman who specializes in selling public television time to underwriters put it: "There are a few things producers have to realize about the process by which public television does business. The individual station is where the real authority lies ... though three stations in particular wield far more power than the others: WGBH, WNET in New York, and WETA in Washington. PBS itself controls nothing. PBS does present itself as a purchaser of programming, and it is an important one. But that is because Congress funds it through the Corporation for Public Broadcasting. That money is disbursed by PBS to the stations, which, in turn, return some of that money to PBS to act as one source of acquired programming."[8]

8 Keith Thompson, president Public Broadcast Marketing, quoted in "Babes in adland," by Neal Winstock, *TV World*, September 1994, p. 13.

To get a clearer picture, then, of how much money the public television system spends on program production, one must go beyond the programming figures offered by PBS and CPB and look at the expenditures of the stations themselves. The top ten stations (measured by how many hours of programming they provide to the national system),[9] have a collective budget of approximately $489 million. Of that, their collective programming budget is just below $300 million.[10]

That figure, however, only takes into consideration the programming that is distributed nationwide through PBS. What the viewer sees on public television at any given moment may well come from a number of different sources: it may be locally produced by the station; it may have been produced by an independent ousted operator (such as the Children's Television Workshop); it may come from an outside underwriter (such as General Electric, which offers *The McLaughlin Group* to public television stations for free); or it may have been purchased from a program service other than PBS (see below).

In 1991, the CPB hired the Boston Consulting Group (BCG) to study, among other things, the complex funding of public television.[11] Using figures from 1989, the BCG determined that member stations spent $467 million on program production and acquisition.[12] Even using conservative estimates, the overall programming budgets for public television's 352 stations today is almost certainly between $800 million and $1 billion – which rivals the programming budget for the commercial networks.

9 According to *Quality Time? The Report of the Twentieth Century Task Force on the Future of Public Television* (1992) the stations are: KCET-Los Angeles; KQED-San Francisco; WMPT-Maryland; WBGH-Boston; KTCA/KTCI-St. Paul; KCPT-Kansas City; WNET-New York; WHYY-Philadelphia; WQED-Pittsburgh; and WETA-Washington, DC.

10 These figures are derived from adding the television programming and production figures in each of the ten stations' annual reports. In each case, the most recently available statistics were used of August 1997; depending on the station, those may be 1996, fiscal year 1996, or 1997 figures.

11 The final product was released as *Strategies for Public Television in a Mullet-channel Environment* (Washington, DC: Corporation for Public Broadcasting, 1991).

12 Ibid, "PTV Costs and Revenues by Function," p. 7.

3.2 Cost of production

The cost to produce programming for American television can vary greatly, depending on region, type of programming, and the degree of private sponsorship. Historically, American public television has created little to no original dramatic or comedy series (a notable exception was The Adams Chronicles, produced in the mid-1970s to coincide with the celebration of bicentennial of the Declaration of American Independence).

There are several reasons for that surprising shortcoming. One is that in 1967, when federal funding for American public television began, American commercial networks produced a glut of drama and comedy series. Since public television was founded as an alternative to those networks, it concentrated its meager resources on areas where commercial television was deemed to be lacking educational programming, public affairs, and cultural offerings such as opera and ballet.

A second reason is financial. Unlike the American commercial networks (ABC, CBS, NBC, and the Fox network), neither CPB nor PBS operates a national production company. All American public television programming must therefore be acquired from either a local station or an independent production company. Since the British Broadcasting Corporation (BBC) spends so much more on television production than any public entity in the United States, and because its programs require no translating or dubbing to be intelligible to an American audience, most of the best known drama series on American public television have been produced or co-produced by the BBC. Former PBS president Larry Grossman once quipped, "I can't imagine where American public television would be if the British didn't speak English."

American public television's heavy reliance on foreign producers effectively displaces domestic providers. Labor unions operating in the television business – which includes writers, directors, and many different technical unions – have tried to press this point with public television executives for decades. The unions regard the PBS-BBC alliance as an avoidance of their clout in broadcasting, one that saps American jobs.

Both original programming produced for American public television – including documentaries such as *The Civil War* and regular series such as *Washington Week in Review* – and programming acquired from abroad are almost always paid for by private underwriters. Initially, corporate underwriters were attracted to public television because it was dramatically cheaper to sponsor. Former Mobil vice president for public affairs Herb Schmertz has written that when WGBH first contacted him about underwriting *The Forsyte Saga* in the early 1970s, he had never watched any of it, but he was attracted by the prospect of being able to purchase 39 hours of television at the price of $390,000 (or $10,000 per hour).

More recently, however the costs of public television production have increased, to the point where they often exceed those of some commercial productions. In 1994, for example, CPB and PBS spent $1.5 million to develop 22 episodes of a game show called *Think Twice,* even though only four episodes were ever distributed on the PBS national schedule. In the mid-1990s, public television talk show host Charlie Rose stopped using the facilities of New York's WNET to produce his nightly talk show because they were prohibitively expensive; he was able to get a more reasonable deal from the private Bloomberg information network. Public television documentaries funded through Boston's WGBH are budgeted at between $500,00 and $1,000,000 an hour as opposed to $150,000 on cable channels such as the Arts & Entertainment network.

High production costs from an obvious constraint on the type of programs that the system can produce, and create a system that, in many instances allows underwriters essentially to dictate what will and will not be shown. Local programming, despite being one of the original mandates of American public television, is prohibitively expensive to most of the public television system, because corporate underwriters would prefer to associate their products and services with national programming for maximum promotional effect. Public television is so dependent on underwriters to meet its production costs that programming appears on public television even when public television administrators would prefer not to broadcast it. In one instance, Mobil's Schmertz has said that "the entire public television establishment was opposed to" acquiring the British drama Upstairs, Downstairs when it first became available, but Mobil was "just as adamantly in favor of it." Schmertz's position was: "If you're not going to acquire it, we're going to acquire it anyway, and find some way to run it on American television whether it's commercial or public." PBS gave in.

Without such contemporary enthusiasm, however, American public television is often powerless to fulfill its mission. In 1985, Barry Chase, PBS vice-president of news and public affairs, said bluntly: "We'd love to do a program on the history and role of business in America. But who will underwrite that?"

4. Alternative services

While most lay viewers do not distinguish between PBS, their local station, and an entity called "public television," it is important to remember that PBS is merely one distributor among many in the American public television universe (albeit the largest and one of the oldest). Another such service is the Minnesota-based Independent Television Service (ITVS), which is the result of a legislative mandate. As Congress debated the 1988 reauthorization of public broadcasting's appropriation and authorization, it determined that the system was excessively dominated by a small number of producers and stations, and created a separate system designed for "independent" producers i.e., those outside the normal channels of PBS and its largest stations. ITVS was slated to receive $6 million annually for three years.[13] While ITVS was slow to get its initial projects on the air, today it funds some of the most innovative and challenging material on public television, including the acclaimed human rights series *Rights & Wrongs* and *The Gate of Heavenly Peace*, a stunning documentary about Tiananmen Square.

Another public television service that now reaches most PBS-affiliated stations is the Boston-based American Program Service

13 James Day, *The Vanishing Vision* (Berkeley: University of California Press, 1995), p. 324.

(APS), founded in 1980 as part of a regional educational broadcasting service. Unlike PBS, APS is not a membership organization; rather, stations purchase material from APS on a program-by-program basis. The Summer 1997 APS catalogue offers hundreds of hours of programming to public television stations. The bulk of this material – including documentaries, crafts, how-to and children's programming – is provided for free to local stations. Program costs are picked up by local underwriters and by toll free merchandise offers linked to the programs. Nearly all of public television's 350 stations pick up some programming from this exchange.[14] APS did not receive any money from the CPB in 1996; it is, however, listed in CPB literature as a "principal source of programming" for public television.[15] APS, which operates as a nonprofit, had a reported $11.14 million in sales in fiscal year 1994.[16]

5. Cultivation of private funds

Since the early 1980s, public broadcasting has fundamentally reoriented itself: moving from a nonprofit, noncommercial educational model toward a model that actively seeks nongovernmental (especially non-Federal) sources of revenue. To a great extent this shift can be traced to 1981. The Reagan administration, for both policy and economic reasons, declined to approve increases in CPB appropriations, and in fact demanded – through a veto – that the levels be cut.[17] As a consequence, the enabling legislation for public broadcasting that Congress passed in 1981 explicitly directed public broadcasting licensees "to seek and develop new sources of non-Federal revenues, which will be necessary for the long-term support of the sys-

14 Many APS programs are among public television's best-known, including *Monty Python's Flying Circus* and *The Three Tenors*.

15 *Frequently Asked Questions About Public Broadcasting*, op cit, p. 4.

16 This figure comes from Dun & Bradstreet; APS, a division of the Eastern Education Network, is assigned the Dun & Bradstreet number 04-940-8271.

17 This shift is discussed in John Witherspoon and Roselle Kovitz, *The History of Public Broadcasting* (Washington, DC: Current, 1978), pp. 55 ff.

tem as Federal funding is reduced."[18] At the same time, Congress created the Temporary Commission on Alternative Financing (TCAF), which allowed ten public television stations to experiment with "limited advertising," and explored a variety of non-Federal funding methods, including increased individual contributions, facilities leasing, teleconferencing services, commercial use of satellite facilities, and even a national lottery.[19]

Not all of these methods have proven viable. Nonetheless, by 1995, the national system of public television was amassing $89,552 million annually in "excludable" or "entrepreneurial income"[20] – a funding source equivalent to more than one-third of the CPB Congressional appropriation which had not existed at all 15 years before.

A second important shift in public television financing that occurred during the 1980s involves the liberalization of standards for "underwriting." Even during the introduction of educational television in the 1950s, there was some degree of financing and program sponsorship from private companies.[21] Nonetheless, through the 1970s, private companies were restricted to "tombstone" announcements of their underwriting, consisting solely of the name of the company in plain type and a voice-over announcement. The TCAF encouraged public television to experiment with "enhanced underwriting" credits which were a step closer to commercial television's advertisements. In 1984, the Federal Communications Commission approved a new, liberalized set of underwriting guidelines that allowed for the use of corporate logos and moving images. Not surprisingly, this move profoundly affected companies' desire to use public television as part of their marketing strategies, and thus the

18 Public Broadcasting Amendments Act of 1981, H.R. Rep. No. 97–82, 97th Congress, 1st session, p. 7.

19 *The History of Public Broadcasting*, op cit, pp. 55–6.

20 *Public Broadcasting Revenue Fiscal Year 1995* (Washington, DC: Corporation for Public Broadcasting, 1996), p. 3. The comparable figure for public radio was $15.27 million. The range of items for which income is "excluded" illustrates the creative ways in which public television entities are augmenting their budgets, including – (1) production and taping (2) telecast and teleconferencing (3) studio, equipment and tower rentals (4) sales of program rights (5) public performances (6) sales and rentals of transcripts and records (7) profit subsidiaries and nonprofit subsidiaries and (8) licensing fees and revenues.

21 Examples are offered in chapter 2 of my book *Made Possible By ...: The Death of Public Broadcasting in the United States* (New York: Verso, 1997).

amount of money public television receives from corporate underwriting. In 1977, public television took in $38 million in corporate underwriting revenues; by 1995, that figure had more than quintupled, to $215,442,000.[22]

Moreover, corporate underwriters now recognize that public television expenditures are genuine marketing expenses: according to two CPB officials, a noticeable shift in funding patterns took place in the late 1980s as private funders stopped giving to public broadcasting out of their charity/philanthropic arms; instead the "donations" to public television came out of the companies' advertising and marketing divisions.[23] Not surprisingly, then, underwriters seeking to get the maximum message for their expense have leaned on PBS and individual stations to provide them with cutting-edge identification spots that more and more resemble commercial television spots. Today, the distinction between advertising and "enhanced underwriting" is practically moot. Most of the largest PBS affiliate stations already allow 30-second underwriting messages (including WNET-New York, KCET-Los Angeles, KQED-San Francisco, WTVS-Detroit and KRMA-Denver).[24] At KETC in St. Louis, nearly half of the station's entire underwriting income comes from 30-second spots. Keith Thompson, president of Public Broadcast Marketing, estimated in early 1997 that 80 percent of the U.S. population could be reached through 30-second spots on public television. In mid-1997, fourteen large public television stations reportedly signed letters of intent with an underwriting spot sales company which plannplanned to sell local "corporate support announcements" much like ads.[25]

22 The 1977 figure comes from *A Public Trust: The Landmark Report of the Carnegie Commission on the Future of Public Broadcasting* (New York: Bantam Books, 1979), p. 104; the 1995 figure from *Public Broadcasting Revenue Fiscal Year 1995* (Washington, DC: Corporation for Public Broadcasting, 1996), p. 5.

23 This observation was made by Jeannie Bunton and S. Young Lee, both of the CPB, in an interview with the author, August 1996.

24 Karen Everheart Bedford, "The Question of Length Is Really Settled," *Current*, February 17, 1997.

25 "Williams starts up rep firm to sell 'CSAs' for local stations," *Current*, July 21, 1997, p. 12. According to this article, some stations charge cost-per-thousand-viewer rates that are competitive with commercial television, while others are able to charge "three or four times" the commercial rate by emphasizing public television's uniqueness and, ironically, its lack on-air clutter.

Although currently PBS does not accept 30-second spots accompanying programs in its national schedule, it is facing increased pressure – even from public television producers – to do so. Even without accepting advertising spots, PBS now actively encourages national corporate sponsors to coordinate spots with programs. In 1996, PBS made a coordinated pitch to advertisers, reportedly offering season-long sponsorship spots on *Barney* for between $250,000 and $1.2 million.[26] In 1997, a consortium of the major producing stations (WNET, WGBH, KCET, and WETA) banded together into the PBS Sponsorship Group, which toured the country to meet with advertising executives, offering custom-designed packages in which advertisers could purchase time on a variety of PBS programs. "Welcome to the new PBS," WNET president Bill Baker told the ad executives. "Corporate messages on PBS get more creative every year. You can show products. You can use slogans."[27]

Increasing, PBS is branching off into business ventures that are less and less associated with programming. In response to Congressional pressure, PBS is relying more heavily on merchandising and licensing arrangements, its internal projections seek to bring in $5.2 million annually through licensing by the year 2000. PBS has sought to ensure that shoppers need not leave their homes to purchase PBS-related merchandise, by establishing an on-line shopping service web site. In 1997, PBS officials announced that they were consulting with Creative Artists Agency, one of Hollywood's largest and most powerful talent agencies, to establish a music label. PBS officials said in 1991 that they have contracted with a book publishing arm called PBS Books, and have announced that the organization will be pitching its programs to airlines through a service called PBS Aloft. The expansion of public television into commercial, nonbroadcasting activities is not limited to national organizations. In Grand Rapids, Michigan, for example, station WGVU offers the use of its studio and satellite uplink in return for a donation, a service called "Business Television."

26 "PBS puts more efforts into selling itself: it sets goal of boosting corporate sponsorship money by $25 million annually by 2000," *Broadcasting & Cable*, August 5, 1995.

27 "Tour aims to correct ad world's notions about PBS," *Current*, May 12, 1997, p. 1.

Perhaps inevitably in this environment, a public discussion has begun to create a full-blown commercial PBS service. In the fall of 1996, former PBS president Lawrence Grossman announced his proposal, developed with a grant from the Markle Foundation, for a two-nights-a-week commercially supported network. In Grossman's proposal, the second channel, tentatively called P-2, would supplement PBS broadcasts on Friday and Saturday nights (when PBS currently feeds no mandated programs to its affiliates).[28] P-2 would be capitalized and part-owned by large corporations (in all likelihood, related companies from the telecommunication's industry) and by affiliated public TV stations. It would charge $10 to $15 per thousand viewers in the 25–54 age range for 30-second spots; Grossman has estimated that this would require a minimum of seven minutes per hour of advertising, thus guaranteeing the commercial interruption of programs.

There is no certainty that the Grossman scheme will come to fruition.[29] But even without it, CPB has estimated that more aggressive underwriting will bring an additional $35.6 million annually into public television coffers by the year 2000.[30]

6. Convergence of public and private broadcasting

In the first decade or so of its existence, public television was to a large extent a self-contained entity. Stations did business with the CPB, PBS, National Educational Television, and regional networks,

28 The details of Grossman's proposal are cited in "Two-night commercial net discussed for public TV," *Current*, November 25, 1996.

29 Not long after the Grossman proposal was made public, officials of the Federal Communications Commission rejected the idea of creating a commercial public television service. Nonetheless, the Grossman proposal represents only a more explicit version of the commercialism that already dominates public television. Some version of what Grossman envisions is almost certain to come to light in the 21st century.

30 This figure comes from the Lehman Brothers analysis assembled for CPB in 1995 and released as *Common Sense for the Future* (Washington, DC: Corporation for Public Broadcasting, 1995), p. 9. Lehman Brothers also projected that aggressive underwriting could bring in an additional $29.1 million for public radio.

and tended to keep their distance from the rest of America's commercial media. That relationship has changed dramatically. Both PBS and individual public television stations have begun to converge with the American and international media business, so much so that public television has begun to look like a marketing arm for commercial media companies. Indeed, there are virtually no major media conglomerates that lack some form of strategic business partnership with public television.

This multimillion dollar embrace of commercial media has not come about by accident: it is purposeful, deliberate policy made by public television's leaders. When Ervin Duggan took over the presidency of of PBS in February 1994, he announced 16 initiatives he intended to accomplish in his first 120 days; these were known collectively as "Operation Momentum."[31] Operation Momentum included a number of multimillion dollar strategic partnerships, including:

- An agreement between PBS and Turner Home Entertainment to market and distribute PBS Home Video. The terms of this deal included an agreement from Turner to match PBS's investment in new programming dollar for dollar for new titles to be aired on PBS and marketed under the PBS Home Video label. Thus Turner – now a division of media giant Time Warner – is seeding its own video distribution business by helping to create programs on public television.
- PBS, KCTS (Seattle), and Buena Vista Television unveiled a joint venture to bring *Bill Nye, The Science Guy* to public television. During weekday afternoons, the program runs on public television stations; on weekends, it runs on commercial television stations, courtesy of Buena Vista, which is a division of Disney-Capital Cities-ABC.
- To produce *PBS Mathline*, PBS secured a $3.2 million grant from the CTIA Foundation, and $2 million from AT&T, one of the world's largest telecommunication's companies; US West also announced in 1995 that it was hooking up with CPB for a similar

31 *Taking Stock: A Report on the 'Conversation' Among PBS Member Stations*, PBS booklet, May 25, 1994, p. 6.

project. The existence of such alliances is largely kept secret from viewers, the vast majority of whom are no doubt unaware that supposedly noncommercial programming is being developed and distributed by commercial media firms. This takes the degree of private, corporate influence and input a step beyond underwriting – where a private company agrees to sponsor previously produced programs – and makes the companies more like executive producers, by picking up all or most of the production costs. One of PBS's best-known successes of the 1990s, Ken Burns's *The Civil War*, was primarily paid for by General Motors.[32] Such developments blur the lines between what are public television entities and what are commercial media entities. The best example of this confusion is the *The NewsHour with Jim Lehrer*, the star of PBS's public affairs programs. The program is produced by the Washington, DC-based MacNeil/Lehrer Productions, which in late 1994 sold two-thirds of itself to Liberty Media Corp., which is a subsidiary of TCI, the country's largest cable provider.

Increasingly, the convergence of private broadcasting interests is affecting the content of public television as well as its financing. In November 1995, PBS announced a partnership with the private media firm Readers Digest Association to produce 20 nature documentaries called *Living Edens*, a five year deal expected to infuse some $75 million into the PBS program budget.[33] The program broker and developer Devilier Donegan Enterprises, which is owned by Disney/Capital Cities/ABC, is coproducing with PBS on a three-part science series called Coming of Age, to be aired in 1998; all told, Devillier Donegan is scheduled to produce some $50 million worth of programming.[34] To date, public television administrators do not appear to be distributed about any affects that such convergence will have on their ability to serve the public-interests.

32 "When Agencies and Clients Produce the TV Programs," *New York Times*, July 8, 1991, p. D6.
33 "First series debuts with 'Digest' backing," Current, July 7, 1997, p. 1
34 "PBS announces project with Devilher, Kratts," *Current*, July 7, 1997, p.6.

The Congressional reaction to the digital conversion request illustrates that both the amount and direction of public television's budgets are subjected to forces well beyond the control of CPB managers. Principally, the most powerful and most volatile force has been the U.S. Congress. The Republican House and Senate victories of November 1994 created great political impetus for "zeroing out" the federal legislative support for public broadcasting. The most sophisticated form of this proposal was legislation offered by Republican Jack Fields, who proposed the creation of a public broadcasting trust fund of $1billion.[37] Variations of this proposal have been submitted throughout the public broadcasting world, and have gathered a reasonable amount of support; as of December 1997, however, there was little consensus about the size of the fund, the sources of its original capital, and the effects that such a fund would have on public broadcasting's tax-exempt status and its ability to raise funds in other areas.

Other proposals for a renewable source of income that would be less subject to Congressional viability include a system whereby taxpayers could voluntarily donate a portion of their tax to the public broadcasting system while filling out their income tax forms (comparable to the current system of funding presidential elections). A proposal that has substantial support among academics and progressive critics of public broadcasting is to tax the advertising industry, and set aside those proceeds to fund American public broadcasting.[38] Assuming that advertising expenses on American television and radio remain the same or increase, a tax of 1 or 2 percent would replace or surpass the amount currently appropriated by Congress. As of December 1997, however, such a proposal has little support among public broadcasting administrators, and would inevitably face fierce opposition from commercial broadcasters.

37 Fields issued his legislation, "The Public Broadcasting Self- Sufficiency Act," in 1996; it did not pass that Congress.

38 The advertising tax is discussed in Edwin Baker's *Advertising and a Democratic Press* (Princeton: Princeton University Press, 1994). as well as in the final chapter of my *Made Possible By: The Death of Public Broadcasting in the United States* (New York: Verso, 1997).

8. Conclusion

Almost certainly, the convergence and commercialization of the system described in this chapter will continue to grow. The increasing use of private media corporations to fund and create programming on public television raises the question of whether the public television of the 21st century will be "public" in any way more than name only, or whether it will use the notion of public broadcasting as a method of marketing essentially commercial programming.

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