

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)
) GN Docket No. 10-25
The Future of Media and Information)
Needs of Communities in a Digital Age)

COMMENTS OF THE PUBLIC BROADCASTING SERVICE

Katherine Lauderdale
Senior Vice President, General Counsel
Loren Mayor
Vice President, Strategy and Ventures
Public Broadcasting Service
2100 Crystal Drive
Arlington, Virginia 22202
Phone: 703-739-5000
Fax: 703-837-3300

May 7, 2010

SUMMARY

Driven by a model that measures success ultimately by public service — not profits — the Public Broadcasting Service (“PBS”) and its member stations are investing and experimenting in new content and platforms that address the needs of communities for relevant, accurate information across the multi-platform media ecosystem. These investments are of growing significance as commercial enterprises increasingly move away from the forms of journalism and content creation that foster informed communities.

The activities of PBS and its member stations in three key areas — news and public affairs, children’s educational content, and arts and culture — underscore the promise of public media for the future of media:

News and Public Affairs. With opinion journalism becoming more profitable than field reporting, economic incentives no longer produce the accountability journalism needed on the local, regional, and national levels. PBS and its member stations, however, have maintained their commitment to high-quality journalism, delivering upon a mission to inform and engage America’s diverse public. The robust online and over-the-air activities of series such as *PBS NewsHour*, *Washington Week*, and *Frontline* exemplify this commitment to journalism. In addition to leveraging on-air programming in the creation of online services, PBS experiments with new forms of online journalism, including projects such as “Video Your Vote,” which was conducted in partnership with YouTube during the 2008 presidential election. Many local PBS member stations also are embarking upon new experiments to fill the gap in their communities that has been created by declines in commercial media. These experiments include the formation of Local Journalism Centers that are hiring reporters, editors, and community outreach managers who will report on regional issues throughout the United States.

Children's Educational Content. The Internet, digital television, and other digital platforms have created enormous opportunities to educate children, but much of the content directed at children online and on-air is commercialized and of little educational value. We believe that media should be used to serve kids and not to sell to them. PBS and its member stations therefore make commercial-free educational programming and services available to children and their parents across the range of digital media platforms on which children are found today — including a minimum of 35 hours of children's programming per week on television, as well as diverse offerings on new media platforms such as the PBSKIDS.org family of websites, station websites, streaming video services, and interactive educational video games.

Arts and Culture. Media offers the potential to bring the arts to millions of Americans who wouldn't otherwise experience them, but the genre has all but disappeared on commercial broadcast and cable television. PBS and its member stations, on the other hand, have preserved their commitment to delivering diverse, high-quality arts content to communities across the United States. Television series such as *Great Performances*, *Art 21*, and *Austin City Limits*, as well as local arts programming, help to expose viewers to the arts and ensure the continued vitality of our nation's cultural heritage. These offerings are increasingly made available on a variety of platforms. For example, the forthcoming interactive PBS Arts Showcase will allow enthusiasts and budding artists to engage with each other and with master practitioners.

Despite these achievements in filling the “democratic shortfall” created by declines and shifts in commercial media, more can and must be done in the coming years. As in the past, policymakers have a role in enabling the full potential of public media. In these comments, PBS identifies steps that the Commission and other policymakers should explore to that end. These steps include increased funding to offset the costs of delivering programming and services across

platforms, copyright reform that would provide fair compensation to copyright owners while reducing transaction costs and other barriers to bringing educational content online and on other digital platforms, and an updating of underwriting rules to reflect the realities of the digital era.

PBS welcomes the Commission's inquiry into the Future of Media and appreciates its recognition of the importance of public media in serving the information needs of communities. As Paula Kerger, President and CEO of PBS, stated in her testimony to the Future of Media Project's Workshop on Public and Other Noncommercial Media, PBS and its member stations have an important role to play in shaping the future of American media. We are eager to do our part.

TABLE OF CONTENTS

I. INFORMATION NEEDS OF COMMUNITIES & CITIZENS 3

II. BUSINESS MODELS AND FINANCIAL TRENDS 12

III. NONCOMMERCIAL AND PUBLIC MEDIA..... 13

IV. INTERNET AND MOBILE..... 27

CONCLUSION..... 29

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	GN Docket No. 10-25
The Future of Media and Information)	
Needs of Communities in a Digital Age)	

COMMENTS OF THE PUBLIC BROADCASTING SERVICE

In the Digital Age, opportunities abound to use media like never before – to foster stronger civic engagement, to transform the way we educate our children, and to enrich America’s cultural heritage. The possibilities are nearly endless.

Of course, the promise of digital media also offers significant challenges. The Internet is one of the most transformative technologies of our time; its rise has obliterated business models that endured for generations. Increasingly, Americans who want to know what’s happening in the world no longer reach for a newspaper or a TV remote – they reach for a digital device and point and click their way to journalists reporting the news, bloggers reacting to it, and citizens commenting on it.

Technology has strengthened the democratization of American media. But as the number of easily available sources providing information has multiplied, understanding and evaluating that information has become increasingly difficult. In these complex and challenging times, Americans require the relevant, accurate information that public media offers. They deserve media that empower them to be more engaged and knowledgeable citizens.

This is why the Public Broadcasting Service (“PBS”) and its member stations are essential. We serve as trusted and reliable sources of news and information, educational children’s media, and cultural content that make the arts accessible to all. Our goal is to leverage

the assets we have established – including the trust the American people place in us, our broad multiplatform distribution channels, and our local connections in communities across the United States – to help new and longtime public media partners meet the public’s needs. We also strive to help citizens of all ages navigate the crowded – and occasionally treacherous – media terrain, pointing them to destinations where their interests will be served. As the Commission noted in the National Broadband Plan, “Public media plays a vital and unique role in our democracy, informing individuals and leading our public conversation as well as building cohesion and participation in our communities.”¹

PBS’s commitment to public service is matched only by our passion for innovation. These twin principles allow us to take risks and experiment, all on the public’s behalf. Just as we pioneered new forms of content and technology in our earliest years, we continue to push the boundaries on new platforms. PBS is a laboratory where journalism, children’s content, and presentation of the arts are being re-invented for tomorrow.

PBS is pleased that the Commission has opened this inquiry, and that it has recognized the importance of public media in meeting the information needs of communities. We are eager to work with the Commission and other stakeholders to develop policies that allow public media to achieve its full potential for serving the public in the Digital Age.

¹ Federal Communications Commission, National Broadband Plan, Section 15.2, page 303.

I. INFORMATION NEEDS OF COMMUNITIES & CITIZENS

Question 1. What are the information needs of citizens and communities? Do citizens and communities have all the information they want and need? How has the situation changed during the past few years? In what ways has the situation improved? Gotten worse?

In the 21st century, Americans have diverse content needs. The public requires reliable, timely, and trustworthy information of various kinds to make informed decisions that affect them and the communities in which they live, including:

- *News and Public Affairs* — solid journalism to help citizens understand the issues of the day and allow them to engage in civic life;
- *Children’s Educational Content* — high-quality content that educates children, helps them succeed in school, and prepares them for the demands of the global workforce; and
- *Arts and Culture* — performing, visual, and literary arts to ensure the continued vitality of our nation’s cultural heritage.

As discussed below, commercial media are not meeting the needs of citizens in these three areas.

Cutbacks in Commercial Journalism. The Commission knows well the perilous state of American news media. According to the Poynter Institute and the Project for Excellence in Journalism, the newspaper industry has lost approximately 30 percent of its reporting and editing capacity since 2000.² The journalism crisis is not limited to newspapers; significant declines have also occurred in television, which continues to serve as the primary source of news for most Americans.³

These cutbacks reduce the quality of journalism, undermining the ability of citizens to remain informed and civically engaged and reducing their trust in news media. In a 2009 Pew

² “State of the News Media 2010,” “Key Findings,” Project for Excellence in Journalism, March 2010.

³ “Understanding the Participatory News Consumer,” page 3, Pew Internet and American Life Project, March 2010.

Research Center study, just 29 percent of Americans said that news organizations generally get the facts straight, while 63 percent said that news stories are often inaccurate. This represents a sharp decline in trust from two decades ago when the first Pew survey on journalism in 1985 found that 34 percent believed news stories were inaccurate. In 2010, only 26 percent said that news organizations are careful that their reporting is not politically biased, compared with 60 percent who said news organizations are politically biased.⁴ Contrast this with the public's perception of PBS: the public named PBS the nation's most trusted institution and most unbiased news source for the seventh consecutive year in 2010 according to a national opinion poll conducted by the GfK Roper Public Affairs and Media research firm.⁵

Dearth of Children's Educational Content on Commercial Media. Much of the media fails to provide children with the high-quality educational content they need to thrive in the 21st century. Cable channels such as Cartoon Network, Disney Channel, and Nickelodeon have begun to offer round-the-clock children's programming, but its educational value is limited. Commercial broadcasters, in the meantime, have largely abandoned children's television. In 1951, the major broadcast networks devoted 27 hours per week to children's television.⁶ Today, most commercial stations produce only the minimum amount required by law, and even then the programming often fails to meet educational standards.⁷

⁴ *Id.*

⁵ See Press Release, Feb. 18, 2010 (discussing results of poll conducted by GfK Roper Public Affairs & Media), at <http://www.pbs.org/roperpoll2010/>

⁶ "Children and Television," Museum of Broadcast Communications, at <http://www.museum.tv/eotvsection.php?entrycode=childrenand>.

⁷ See, e.g., "Educationally/Insufficient? An Analysis of the Availability & Educational Quality of Children's E/I Programming," page 4, Children Now, November 2008, at http://www.childrennow.org/uploads/documents/eireport_2008.pdf

By comparison, PBS member stations broadcast a minimum of 35 hours per week of educational children’s programming. This content is especially important to the millions of Americans who lack access to broadband, many of whom are among our nation’s youngest and poorest. These children will not find much educational television on other broadcast channels. In 2008, only 13 percent of children’s programming on commercial broadcast television was rated as “highly educational” in a study by the Children Now advocacy group. Previous studies in the 1990s found that between 20 percent and 33 percent of children’s programming was highly educational. Notably, the study compared the children’s programming on commercial broadcast television with PBS’s programming and concluded that “PBS offers some of the most highly educational programs on broadcast television and serves as a model of successful educational programming for commercial broadcasters.”⁸

PBS’s commitment to educational children’s content extends to new digital platforms as well. The comprehensive digital resources of PBS KIDS give children access to engaging educational games and video content, such as literacy skills building programs, multimedia content for Interactive white boards, and educational iPhone applications. Other innovations include the expanded PBS KIDS video player, which gives children and their parents free, online access to hundreds of streaming, full-length episodes and video clips from PBS KIDS programming – many of which are integrated with educational games. The debut of the PBS KIDS video player spurred children and parents to view more than 79 million video streams across the PBS KIDS family of web sites in December of 2009.⁹

⁸ *Id.*

⁹ “PBS KIDS Web Sites Break Video View Records”, Press Release, January 13, 2009, at http://www.pbs.org/aboutpbs/news/20100113_pbskidssitesbreakvideorecords.html.

Abandonment of Arts and Other Cultural Content. Americans also need access to performance, music, and other art forms that enrich civic life. Media have the potential to bring the arts to millions of Americans who would not otherwise experience them, but the genre has all but disappeared on commercial broadcast television. Likewise, cable channels such as Arts & Entertainment and Bravo, which were created as showcases for cultural fare, have also abandoned the genre in favor of more lucrative reality programming such as *Dog the Bounty Hunter*, *Gene Simmons Family Jewels*, and *Real Housewives of New York City*.

PBS and its member stations have preserved their commitment to delivering high-quality arts content to communities across the United States. Television series such as *Great Performances*, *Art 21*, and *Austin City Limits* expose viewers to internationally recognized artists, offering them experiences they might not otherwise have and insights into contemporary artistic activities. In addition, local stations showcase artists from the communities they serve. For example, PBS member station KERA in Dallas created its “Art+Seek” online portal to help northern Texans find local performances and exhibitions. This innovation solidified the station’s role as a community convener for all local arts organizations, helping the organizations increase attendance and awareness.

Commercial media’s lack of content in these key areas underscores the continued need for PBS and public media. PBS and its member stations maintain a particular focus on journalism, children’s content, and the arts, three areas where the public’s information needs would otherwise go unmet.

Question 3. How do young people receive educational and informational media content? How do they consider and process the news and information provided to them? How should these patterns affect government policy toward the future of the media?

In addition to the information provided below in response to this question, PBS directs the Commission's attention to our previously filed comments in connection with the Notice of Inquiry on *Empowering Parents and Protecting Children in an Evolving Media Landscape*. These comments, available at <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020390801>, document both the tremendous educational opportunities presented by digital media as well as the challenges that children and their parents face with digital media.¹⁰

a. Consumption of Content by Children

Content of all kinds – educational, informational, entertaining – is available to children today across a variety of platforms, including television, the Internet, and mobile devices. During the past five years, the amount of time children spend with media and their access to new media devices has risen dramatically, according to recent research by the Kaiser Family Foundation.¹¹

The Kaiser Family Foundation reports:

- Children between the ages of 8 and 18 devote an average of 7 hours and 38 minutes to using media across a typical day; yet because they spend so much time using more than one medium at a time, they are able to “pack” a total of 10 hours and 45 minutes worth of media content into these 7 hours and 38 minutes.
- Television remains the dominant source of media for children. On average, young people between the ages of 8 and 18 watch an average of 4 hours and 29 minutes of television per day. This includes television content consumed online.¹²

¹⁰ Comments of the Public Broadcasting Service, MB Docket No. 09-194 (filed February 24, 2010).

¹¹ “Generation M2: Media in the Lives of 8- to 18-Year-Olds,” page 2, Kaiser Family Foundation, January 2010, at <http://www.kff.org/entmedia/upload/8010.pdf>.

¹² *Id.* at 11.

- Among racial groups, African American children spend almost 6 hours watching television each day, compared to just under 5½ hours a day for Hispanic children and about 3½ hours for Caucasian youth.
- Time spent online is also rising. Children now spend an average of 1 hour and 29 minutes per day using a computer outside of school and work, an increase of almost half an hour since 2004.
- In 2004, 39 percent of children between the ages of 8 and 18 owned their own cell phone; by 2009, that figure had increased to 66 percent.
- The percentage of children with iPods increased from 18 percent to 76 percent during the same time period. In 2009, 29 percent of 8- to 18-year-olds owned a laptop, more than twice the amount who owned one five years earlier.

b. Processing of Content by Children

Unsurprisingly, significant exposure to digital media is changing the way children learn and process information. Fifty-one percent of students say gaming technologies make it easier for them to understand difficult concepts, according to MacArthur Foundation research.¹³

Teachers, recognizing media's educational potential, are taking advantage of digital technology in their classrooms. A recent study by Grunwald Associates LLC, a market research firm, found that digital media are now used by more than three-quarters of teachers in kindergarten through 12th grade.¹⁴

The vast array of digital media available to children presents challenges, particularly for the youngest users. According to the American Psychological Association (APA), children age 5 and younger cannot consistently distinguish between program content and commercial content and children 8 and younger lack a clear understanding of the persuasive intent of advertising. This is not only an issue on television, but also is increasingly problematic on the Internet. As the APA explains:

¹³ "Exploring Digital Media & Learning," page 5, MacArthur Foundation, November 2009.

¹⁴ "Digital Inclined Survey of Educators," Grunwald Associates LLC, 2010.

In the interactive media environment ... many of the traditional boundaries between advertising and entertainment content are blurred in new and unique ways. For example, ads on many children's websites consist not only of banners and billboards, but also include cartoons, puzzles, activities, and games that prominently feature products and product-related characters. These so-called 'branded environments' are a key aspect of marketing to children in the new media environment¹⁵

While the APA's findings were framed in the context of advertising to children, the underlying message about the cognitive skills of young children has implications for the way that they process and interpret all media content. If children age 8 and younger cannot understand when content has a persuasive intent or when it is simply fact-based, it is very difficult for them to evaluate the credibility of any media. As children have more access to content that looks like news or factual information, they are ill-equipped to process it effectively.¹⁶

c. Policy Implications

Given children's massive exposure to media and its influence on them, it is vital that children have access to highly educational content on multiple platforms. Media must facilitate education, not imperil it. As a recent report by two noted experts in children's media explained,

"Educators should embrace – not castigate – video games and TV" because "[s]uccessful shows like ... [PBS's] 'The Electric Company' demonstrate that television can teach skills in ways that encourage adults to be involved with children's learning as an interactive experience between parent and child. The digital media and games spawned by such shows have been used informally to

¹⁵ "Report of the APA Task Force on Advertising and Children," American Psychological Association, February 2004.

¹⁶ According to a 1986 article entitled "Children's Cognitive Responses to Advertising," the age where children can fully discern the intent of media may be even higher than age 8. The authors of this study state that full comprehension of the selling intent of advertising does not occur until 11 years of age. Merrie Brucks, Marvin Goldberg, Gary Armstrong, "Children's Cognitive Responses to Advertising," *Advances in Consumer Research*, Vol. 13, ed. Richard J. Lutz, Provo, UT: Association for Consumer Research, pp. 650-54.

accelerate children’s cognitive growth, language development, and affiliation with school learning.”¹⁷

A special emphasis should be given to programs that aim to help young people strengthen their skills in reading and the areas of science, technology, engineering, and math (STEM). Research shows that providing this type of content has a meaningful impact on the ability of children to learn. According to one recent study conducted by the Education Development Center and SRI International ,two non-profit research centers, pre-school children who engaged with PBS programs *Super WHY!*, *Between the Lions*, and *Sesame Street* on-air and online were better prepared for kindergarten than students who did not. The children who watched these shows and played the corresponding online games saw significant gains in naming letters, knowing the sounds of letters, and recognizing the letters in their own names.¹⁸

For the past 10 years, the Department of Education has supported the goals of using media to improve children’s educational achievement by providing significant funds for these core programs through the Ready to Learn program. These critical funds allow PBS to continue to develop new curriculum-based series, expand our offerings on new platforms, and conduct substantive research to determine the effectiveness of the content.

Of course, the creation of educational content alone will not serve the needs of children; this content must also be accessible to children at home and in the classroom. Broadband access is critical to allowing this educational information to flow. Children without access to broadband are at risk of losing significant educational opportunities. PBS has elaborated on the critical link

¹⁷ Gee, James Paul and Michael Levine. “TV Guidance.” *Democracy Journal*, Spring 2009.

¹⁸ Penuel, William, Pasnik, Shelley, et al. “Summative Evaluation of the *Ready to Learn Initiative*: Preschool Teachers Can Use a Media Rich Curriculum to Prepare Low Income Children for School Success: Results of a Randomized Controlled Trial,” Education Development Center and SRI International, September 2009.

between broadband access and educational media resources in two recent filings in connection with the creation of the National Broadband Plan:

- *Broadband and Education*, <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020352586>. This filing discussed the needs of educators regarding the use of digital media for instructional purposes, the integration of digital content with traditional teaching materials, and the use of digital literacy programs and online learning systems.¹⁹ As an example of such a tool, PBS highlighted its work with its member stations to develop a Digital Learning Library (DLL) that teachers across the nation can use to foster learning in the classroom. The DLL is comprised of “digital learning objects” – including educational video, audio, text, games, and interactive media – that are derived from PBS’s on-air programming. This content is correlated to state educational standards and designed to be used and re-mixed by students and teachers. For example, PBS is collaborating with the Pennsylvania Department of Education and WPSU, a member station operated by Pennsylvania State University, to deploy the DLL into classrooms across the state.
- *Broadband Adoption*, <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020350746>. This filing discussed how the broadband adoption gap deprives children of access to educational media resources, such as those developed by PBS and its member stations.²⁰ A case study profiled PBS KIDS Island, a website that helps children between ages 2 and 8 build and improve their reading skills and is designed specifically to meet the needs of low-income students and their parents. Because of low rates of broadband adoption in this demographic, PBS has relied significantly on “anchor institutions” (e.g., schools, libraries, community centers) to make PBS KIDS Island available. These anchor institutions have helped significant numbers of children improve their reading skills via PBS KIDS Island, but more wide-scale adoption of broadband in low-income and other low-adoption demographics is necessary to bring the full educational benefits of online tools like PBS KIDS Island to all families.

As children have increased access to content on a wider array of platforms, however, the need for digital literacy skills grows as well. Children and their caregivers should be able to access tools that help them interpret the information they receive and protect them from undue commercial influence. Since its early days online, PBS has provided digital literacy resources to children, including a program that issues children a “web license” when they master the rules of

¹⁹ Comments of the Public Broadcasting Service, GN Docket Nos. 09-47, 09-51, 09-137 (filed December 11, 2009), *Broadband Needs in Education*, NBP Public Notice # 15 (rel. Nov. 3, 2009).

²⁰ Comments of the Public Broadcasting Service, GN Docket Nos. 09-47, 09-51, 09-137, *Broadband Adoption*, NBP Public Notice # 16 (rel. Nov. 10, 2009).

the digital road.²¹ As online behaviors and technologies change, PBS has continued to refine our tools. Recognizing the wide-scale adoption of social media, PBS will launch a more sophisticated program this summer aimed at children ages 8 to 10 where children will be able to create their own online profile with appropriate information to share with their friends. As new devices proliferate and time spent with media increases, learning digital literacy skills is increasingly necessary for children's education and development.

II. BUSINESS MODELS AND FINANCIAL TRENDS

Question 12. In general, what categories of journalism are most in jeopardy in the digital era? What categories are likely to flourish? While much is still to be determined as media companies test various business models and payment approaches in the coming years, based on what is known now, are there news and information needs that commercial market mechanisms alone are unlikely to serve adequately?

In the Digital Age, virtually all forms of traditional journalism are in jeopardy, although investigative and in-depth reporting may face the greatest threat. This crisis can be traced to the newspaper industry's decline.

Newspapers still provide the largest share of reportorial journalism in the United States, as the Project for Excellence in Journalism noted in its recent "State of the News Media 2010" report, but they are deteriorating rapidly.²² By one measure, the industry has lost roughly 30 percent of its reporting and editing capacity since 2000. The decline in reportorial journalism affects virtually all beats and platforms. Consider the steep decline of televised foreign affairs coverage, once a staple of broadcast network news. In 2004, the ABC, CBS, and NBC nightly

²¹ For more information on *Get Your Web License*, see <http://pbskids.org/license>.

²² "State of the News Media 2010," Overview, Project for Excellence in Journalism, March 2010.

newscasts devoted 40 hours of coverage to stories with international datelines; by 2009 – a mere five years later – the three network newscasts devoted just 28 hours to these kinds of stories.²³

These declines in coverage are driven by changing economics that diminish the cost effectiveness of this kind of journalism. For commercial organizations that are required to make a profit, providing this type of reporting will rarely make sense. The local beat coverage of areas like municipal government, schools, courts, and the economy that often lays the groundwork for important investigative reporting has become too cost prohibitive for companies whose metric of success is shareholder value rather than community value. It is far cheaper to offer opinion-driven journalism than in-depth field reporting, and the news landscape has changed accordingly.

Given the incentives of for-profit news providers and these economic models, commercial media alone cannot meet citizens’ local and national journalism needs. The critical role of public media in helping to serve these needs is described below in Section III.

III. NONCOMMERCIAL AND PUBLIC MEDIA

Question 21. With regard to nationally oriented noncommercial television and radio (including public broadcasting stations), what have been the trends and what is the current state of affairs regarding news staffing and coverage (international, national, and local)?

While commercial news providers are slashing their budgets, operations, and staffing, PBS and its member stations have maintained their commitment to high-quality journalism and continued to invest in it, recognizing the need to inform and engage America’s increasingly diverse public.

At the national level, news and informational programming accounts for nearly 45 percent of PBS’s daily television schedule and includes series such as *PBS NewsHour* and

²³ “State of the News Media 2010,” “Network TV,” “Hours Devoted to Stories with a Foreign Dateline,” March 2010.

Washington Week.²⁴ In 2009, *The NewsHour with Jim Lehrer* (which recently changed its name to *PBS NewsHour*) devoted 13 percent of its coverage to international news, approximately twice as much as the average for commercial broadcast networks.²⁵ The *NewsHour* devoted 11 percent of airtime to stories about the health care debate, compared to 5 percent on the ABC, CBS, and NBC nightly newscasts. In addition, the *NewsHour* devoted 32 percent of its airtime to describing the specific components of the health care plans; the three commercial broadcast networks used just 17 percent of their airtime for explaining the plans.²⁶

Similarly, PBS's *Frontline* has kept alive the tradition of the weekly prime time news documentary, an influential genre once exemplified by commercial series such as *CBS Reports* and *NBC White Paper*. *Frontline*, in addition to being one of the most honored series in television history, has consistently demonstrated its impact on national and international affairs. *Frontline* reporting has led to legislation to curb illegal handgun sales, a crackdown on illegal toxic-waste dumping, and indictments in a federal investigation into influence peddling at the highest levels of the federal government. *Frontline* also aired an in-depth interview with Osama bin Laden three years before the terrorist attacks of Sept. 11, 2001. More recently, American military leaders have used reporting from *Frontline* to educate top government officials on the political landscapes in Afghanistan and Iraq.

Neither *PBS NewsHour* nor *Frontline* has limited their reporting to the broadcast platform. *PBS NewsHour*, for example, produces regular online webcasts. *Frontline* offers its programs for online streaming in their entirety and "surrounds" the video with relevant links and

²⁴ "Issues Related to the Structure and Funding of Public Television," United States Government Accountability Office, January 2007, at <http://www.gao.gov/new.items/d07150.pdf>.

²⁵ "State of the News Media 2010," "A Year in the News," Project for Excellence in Journalism, March 2010.

²⁶ *Id.*

background information to give users a deeper experience with the content than they would have through television viewing. Online traffic to these programs has been significant. For example, *Bush's War*, a four-hour review of the Iraq war, has generated more than 6 million video streams since the film debuted in 2008.

At the local level, PBS member stations are committed to providing local news content. In many communities, the local PBS station is the only locally owned and operated broadcaster, and sometimes the sole local media organization at all. As such, they use local productions – including weekly newsmagazines and political discussion programs – to meet community needs.

In addition to local news programming, many PBS member stations are embarking upon new experiments to fill the gap in local news created by declines in commercial media. For example, several PBS member stations are joining forces to form Local Journalism Centers. These centers, funded by the Corporation for Public Broadcasting (“CPB”), are hiring reporters, editors, and community outreach managers who will report on regional issues throughout the United States. A Local Journalism Center in Florida, for instance, is bringing together local public radio, television, and community organizations to focus on health care and other issues that are important to that state’s large population of older residents.

Stations across the country are engaging in partnerships to better serve the public. In Chicago, for example, WTTW is working with the Chicago News Cooperative to produce regional coverage of the Windy City for local editions of the *New York Times*. PBS and its member stations are also forging relationships with journalism schools, non-profit public interest groups, and other institutions to strengthen local news coverage. In these ways, PBS and its member stations can act as anchor institutions in their communities and the country at large, allowing new public media partners to leverage existing assets and find innovative ways to grow.

In addition to these investments in programming at the local and national level, PBS and its member stations are developing many digital media projects to meet the needs of today's participatory news consumer, including:

- The Public Media Platform, an initiative of National Public Radio, PBS, and other noncommercial partners that aims to develop a single online platform for all public media news reporting.
- PBS's online video portal, which provides hundreds of hours of free PBS programming, including full-length episodes of series such as *PBS NewsHour* and *Frontline*. PBS member stations use this technology to create portals on station sites, offering both local and national content to create an experience unique to the needs of their communities.
- An update to the underlying "architecture" of its website, pbs.org, to automatically "localize" the site for each user. With this new design, users will seamlessly see content from national programs alongside local content from their community. This functionality will provide users with both large-scale national news stories and their local implications.

Question 22. For local noncommercial television and radio stations, ... [w]hat have been the trends in funding from governmental, private sources and viewer/listener donations? What has been the role of government regulation?

Funding for public media services, whether those services are offering quality journalism, providing educational content for children, training teachers, or alerting first responders, is always challenging, but it is especially so in the current economic climate. PBS and its member stations rely on a diversified portfolio that includes funding from individuals, corporations, foundations, educational institutions, and government agencies. Each of these areas has been affected by the struggling economy.

a. Many Sources of Funding are Declining.

Individuals. Funding from individuals is the largest single source of support for the national public television system. Millions of individuals across the country support public television stations with small donations each year. As the recent economic conditions have impacted American households, many stations have struggled to meet their fundraising goals.

This decline in funding at the local level affects PBS and its ability to provide its stations with content and services because more than half of PBS's revenue comes from member station dues.

Corporations. PBS and its member stations also rely upon corporations to help support content, primarily by enlisting companies to underwrite program production and distribution costs. During these difficult times, many corporations have reduced their budgets for external spending, and public media has not been immune to these cutbacks. Both local and national corporate support have suffered in recent years. When corporations are interested in supporting media projects, they are more frequently looking for strong financial returns on their investments and for short-term commitments. As the Government Accountability Office noted in a 2007 report on public television, "Corporate consolidation and an increased focus on advertising among businesses have made garnering underwriting support increasingly difficult."²⁷ Where at one time corporations had been interested in sponsoring programs for a full year or longer, many companies now seek quarterly investments. With digital offerings, the timelines can be even shorter, requiring the development of new operational strategies.

Foundations. Funding from foundations and other philanthropic organizations remains an important source of support for PBS and its member stations. In particular, many foundations have expressed a strong interest in supporting high-quality journalism, although these investments rarely provide long-term, sustainable funding. Foundations are also subject to the challenging economic conditions faced today. Because endowments have declined along with the stock market, the capacity for foundations to support public media has been reduced. As a result, we expect foundations to continue to play an important part in supporting innovation and

²⁷ "Issues Related to the Structure and Funding of Public Television," United States Government Accountability Office, January 2007.

local service, but they are not a viable solution for the expanding operational costs associated with public media in the Digital Age.

Educational Institutions. Many educational institutions across the nation are critical partners for public television. Universities own and operate roughly 30 percent of local PBS member stations, providing critical funding and leveraging public media to further their own educational objectives. However, like other funding sources, universities are suffering financially. In particular, many state universities have faced budget cuts as a result of recent state funding crises.

Federal Funding. Government funding is a critical piece of the overall funding mix for PBS and its member stations. While federal dollars account for about 15 percent of the public television system’s revenues, these dollars are essential to its overall health for several reasons:

- Many stations leverage the federal support to secure other funders. For example, state and local governments often support local stations because the stations receive federal funds.
- The federal support is a reliable source of income that allows stations to engage in longer term planning rather than focusing on the immediate budget.
- The federal support can be used to pay for the station’s “bread and butter” operations – such as maintaining master control operations or personnel costs — and this type of support can be very difficult to raise from other sources. Foundations, as noted above, are often interested in funding specific projects and do not wish to simply support standard operational costs.
- Federal support can also be used to fund activities or programs that are not commercially viable.

b. Costs to Support Multiplatform Distribution are Increasing.

In addition to increases in the costs for critical areas like news and public affairs, the efforts of PBS and its member stations to expand onto new platforms make managing with limited resources more challenging.

PBS has always embraced new platforms and technologies, from stereo decades ago to high definition to mobile digital television, and that spirit of innovation continues today. Public television is attempting to use all available video platforms to expand the reach and public service value of its content. This means that content from PBS and its member stations is available online at pbs.org and station sites, on outside distribution sites such as YouTube, Hulu, and iTunes, on digital multicast channels, through datacasting, on mobile smart phones, and on social networking sites. For many of these new channels, however, costs “scale” with usage.

During the past 12 months, the amount of data served from pbs.org to users has tripled and that growth is expected to continue. While there is no incremental cost to adding viewers on-air, each new online user adds additional costs to PBS. As Bill Kling, president and CEO of American Public Media Group, explained at the Future of Media Project’s April 30 workshop on Public and Other Noncommercial Media, each stream or download is like placing a collect call to the content provider.

Question 22. How are public broadcasters using the Internet, mobile applications, their multicast channels/additional program streams, or other new technologies to provide local news and information? How are they collaborating with non-broadcasters?

Despite limited resources, PBS member stations have expanded onto new platforms to deliver local news and information at a rapid pace. For example, while Twitter is often in the news because of provocative celebrity postings, KPBS, the public television station in San Diego, California, used Twitter to share information with the public about the fires that swept through that region in 2007. Staff at the station used the then-nascent Twitter technology to alert the public to the fire’s location, list relevant emergency numbers, solicit calls for volunteers, and provide updates to the station’s Google map, which tracked the progress of the blaze and open evacuation routes. The efforts of the station were so significant that commercial news outlets

like *The New York Times* began tracking KPBS's "tweets" and using its interactive Google map as a way to keep up with the latest developments. State government and emergency services officials later praised the station for its contributions.

Moreover, PBS member stations have led the broadcast industry in taking advantage of the ability offered by digital broadcasting to transmit numerous, simultaneous streams of programming. These multicast channels provide high-quality, substantive programming that is consistent with the mission of public television. Many local public television stations are using their multicasting capabilities to provide dedicated channels for public affairs programming or programming designed to reach underserved audiences, including:

- **The Florida Channel**, featuring live, gavel-to-gavel coverage of the Florida Senate and House of Representatives, as well as live coverage of the Florida Supreme Court, Public Service Commission, and meetings of the governor, his cabinet, and other local electoral and public affairs programming. The Florida Channel is operated by WFSU, which is owned by Florida State University. Several Florida public television stations carry the Florida Channel.
- **The South Carolina Channel**, providing coverage of state house proceedings, local college sports, and other local programming. The South Carolina Channel is aired by South Carolina Educational Television, which operates 11 public television stations throughout the state.
- **The Minnesota Channel**, featuring a variety of programming from or about Minnesota and its close neighbors. The Minnesota Channel is a multicast stream of Twin Cities Public Television (TPT) in St. Paul, Minnesota. Many of the programs are produced by TPT in partnership with the state's finest non-profit and public service organizations.

Question 23. How does the role of public media differ from that of commercial media?

Public and commercial media differ in a fundamental way: Public media exists to serve the public interest, while commercial interest seeks to generate profits. While commercial media has an abiding role in the media landscape, it is not structured or incentivized to adequately serve the news and information needs of communities. Public media content addresses market failures

in coverage of areas such as arts and culture, strives for universal access, and offers a forum for voices and perspectives that are rarely heard in commercial media.

In critical areas discussed in Question 1 above, news and public affairs, children's educational content, and arts and culture, PBS fulfills its public service mandate and distinguishes itself from its commercial counterparts by delivering content that uniquely serves the needs of communities.

News and Public Affairs. PBS is not only a trusted source of journalism, but also is an innovator in the field. In the 1970s, PBS offered gavel-to-gavel coverage of the Watergate hearings and became the first broadcaster to air live proceedings from the floor of the U.S. House of Representatives. In 1983, what was then called *The NewsHour* debuted, becoming the first, and still, only, one-hour national nightly newscast on broadcast television, offering in-depth analysis rather than sound-bites. More recently, during the 2008 election, PBS partnered with YouTube to create "Video Your Vote," an online journalism project that united grass-roots hyper-local coverage of individuals' experiences at the voting polls with national analysis, context, and reach.

Children's Educational Content. PBS single handedly invented educational television for young people with shows such as *Sesame Street* and *Mister Rogers' Neighborhood*. This tradition continues today with new series like *Curious George*, *Sid the Science Kid*, and *Dinosaur Train* that marry clear, curriculum-based objectives with engaging content on all platforms. Where others see new platforms as new revenue opportunities, PBS looks for ways to create new learning opportunities.

Arts and Culture. The volume and quality of arts content on PBS is unmatched by commercial media. For example, during one four-week period in the spring of 2010, PBS will

air a new production of *Hamlet* starring Sir Patrick Stewart; a concert featuring Itzhak Perlman, Emanuel Ax, and Yo-Yo Ma; several prime time editions of *From the Top at Carnegie Hall*, an Emmy Award-winning children's series that showcases young musicians; and Willie Nelson's return to the *Austin City Limits* stage. These programs make the arts accessible to millions of Americans and ensure the continued vitality of our nation's cultural heritage. PBS is also working to connect artists to each other and their communities. For example, the forthcoming interactive PBS Arts Showcase online portal will allow enthusiasts and budding artists to engage with each other and with master practitioners.

Put simply, because PBS remains grounded in a mission of public service, it looks at all the ways that media can address citizens' needs and continues to innovate on the public's behalf.

Question 23. If there is a greater role for public media in meeting the information needs of local communities, how should that be financed? What role, if any, should government subsidies play? Should legal requirements regarding underwriting and advertising be changed?

As in the past, policymakers have a role in enabling public media to serve the information needs of local communities. While funding is clearly part of the equation, there are many additional ways in which the government can be helpful.

Federal funding. Government support will continue to play a critical role in public media's future. Although it accounts for only 15 percent of the total funding mix, federal financial support remains especially important. PBS leverages federal dollars several times over; without the guarantee of this funding, it would be virtually impossible for PBS to attract support from other sectors. Federal funding also helps to ensure public media fulfills its obligation to serve the entire country.

Cost relief. PBS and other public media organizations could achieve an even greater impact online were they to obtain “cost relief” in the digital media realm. The economics of new platforms are fundamentally different from the traditional broadcast model. In broadcasting, costs remain stable even as the number of viewers increases, meaning that the efficiency of the service increases with the number of people served. When using broadband to deliver content, however, total costs increase along with usage. Favorable cost rates that make bandwidth more affordable for public media organizations, similar to the federal government’s e-rate program for schools and libraries, would facilitate public media’s usage of broadband to serve the American public.

Commercial offsets. The Commission should also consider other creative mechanisms for supporting funding for public media. For example, there may be an opportunity for public television to assume some of the public service obligation of commercial broadcasters, particularly in the area of children’s content, in exchange for funding. Without absolving commercial providers of their public service responsibilities, public television could leverage its assets since the current commercial system appears to be flawed. According to a study conducted by Children NOW in 2008 that evaluated the educational quality of educational and informational programming, the “E/I” system is not working because “[o]nly one in eight E/I episodes [aired on commercial television] earned a rating of highly educational . . . [and] nearly twice as many were found to have only minimal educational value.”²⁸

Copyright reform. PBS strongly supports the National Broadband Plan’s call for copyright reform, which, while ensuring fair compensation to copyright holders, would make it

²⁸ “Educationally/Insufficient? An Analysis of the Availability & Educational Quality of Children’s E/I Programming,” page 5, Children Now, November 2008.

much easier for public media providers to use copyrighted material for educational purposes. PBS also remains a proponent of “must carry” rules that require cable and satellite operators to carry local public television stations in the channel lineups they offer subscribers.

Regulatory updates. Amendments to the rules that govern corporate underwriting and other promotional messages could also be beneficial. Clearly, maintaining public media’s noncommercial nature is vital. However, the current guidelines could be revised to provide greater clarity and to better reflect the current media landscape. For example, current rules may be read to prohibit a station from airing a sponsorship message using the common verbiage “visit [www.\[site\].com](#),” even though this is not a “call to action” in the sense of attempting to sell a product to a viewer. PBS therefore encourages the Commission to initiate a rulemaking proceeding to adjust the underwriting rules to the current era.

Looking broadly at the media industry, the commercial media business model has changed dramatically in the past 40 years. In 1967, all radio and television programming was provided free over the air. Content creators and distributors derived their revenue and profits solely from advertising. Public broadcasting played its role by providing a similarly free-to-consumer service but without advertising. Today, over 80 percent of Americans pay subscription fees for television and almost 20 million people pay subscription fees for radio. These additional revenue streams have enabled commercial media companies to grow and experiment. Public media, however, has relied on its same limited funding streams and the time may be right to bolster public media’s underlying business model.

Question 24. Should the Public Broadcasting Act be amended to restructure and augment investments in noncommercial media? Are the experiences of other countries instructive on this question?

The American media landscape has shifted considerably since 1967 when President Johnson signed the Public Broadcasting Act into law. However, the need for public media, non-profit operations dedicated to using media solely to serve the public interest, has increased. While the law may be a product of the analog era, its intent is timeless. This is the great irony of the Digital Age: In a time when citizens have an unprecedented number of options for news, information, and entertainment, PBS and public media are needed now more than ever. Americans need media that is not driven by commercial ends or infused with partisanship and sensationalism. A revised Public Broadcasting Act should update rules and policies for the digital age, while preserving these fundamental and timeless values.

Because of the vital role that public media plays in any age, updating the Public Broadcasting Act requires care, conscientiousness, and foresight. To begin, it is helpful to consider that public media in the United States is historically and chronically underfunded. Currently, Congress appropriates \$420 million for the Corporation for Public Broadcasting, which channels the funding to local public television and radio stations, as well as PBS, National Public Radio, and a handful of other organizations. This means the United States spends roughly \$1.35 per person for public media each year, a fraction of what other industrialized nations spend. As Commissioner Copps noted at the FCC's workshop on Public and Other Noncommercial Media on April 30, that annual, per-person amount is the less than what many people spend on a single morning's cup of coffee. Other nations spend far more. For example,

Canada, Australia, and Germany each spend approximately \$25 per capita; Japan, \$60; Britain, \$80; and Denmark and Finland, \$100 each.²⁹

As the FCC considers the Public Broadcasting Act, we look forward to participating in that process in partnership with the Commission. And regardless of policy changes, PBS and its member stations remain committed to the principles and ideals that have guided public broadcasting from the beginning.

Question 25. How should noncommercial television and radio licensees work with independent non-profit media entities to improve efficiency and content quality?

As public media participation expands, partnerships between existing public broadcast entities and newly-formed non-profit media entities are important and can provide significant public service. On the one hand, many independent entities, by design or necessity, have embraced low cost business and production models that these relationships can leverage. Some of these entities are also deeply grounded in local issues and can complement the local stations' own perspective on community needs. On the other hand, existing public broadcast entities can bring efficiencies of scale, audience, reach, and trust.

This last asset, trust, is particularly potent and significant. While many newly-formed organizations have emerged to address specific issues or points of view, PBS, NPR, CPB, and local stations exist to illuminate information, rather than to advocate. As the voices in public media multiply, PBS and organizations like it can serve as a trusted aggregator, curator, and recorder, helping direct the public to the most informative perspectives and preserving historic content for future generations.

²⁹ "The Reconstruction of American Journalism," Columbia Journalism Review, page 47, November/December 2009.

Several existing partnerships illustrate how effectively these relationships can work. On-air, for example, PBS works with the Minority Consortia to provide documentary content from a wide array of voices, including recent projects like *Latin Music USA* and *We Shall Remain*. Online, PBS is working with the Sunlight Foundation and Politifact. As partners in a planned aggregated news website, PBS's large online user base will gain access to the important information on government transparency and accountability these companies provide, and in the process all three organizations will increase their public service.

IV. INTERNET AND MOBILE

Question 34. What might be the role of popular technologies heretofore associated with entertainment or social interaction, such as gaming systems or social media?

Three-quarters of American children play computer and video games. Well-designed educational games can help children learn and strengthen their skills in complex problem-solving, vocabulary, and other key areas. Digital games can also be effective in improving children's health, including their physical fitness, health promotion, and disease management.³⁰

PBS offers hundreds of online and mobile games for children ages 3 to 9 and has pioneered new methods to make games educational. For example:

- PBS was the first broadcaster to embed educational games into "linear" video, a breakthrough in children's media. PBS worked with Panache, an online advertising company, to repurpose the company's ad-serving software for educational purposes by creating "overlying games." For instance, children can visit www.pbskidsgo.org/video to watch a video about a character exploring a mathematical concept, then pause the story and try to solve the problem themselves. Following a one-month study, children who used these games reported learning about math, science, reading, art, and social studies.
- PBS has introduced a range of educational children's applications for mobile devices, such as the iPhone, iPod Touch, and iPad. In one recent study, children between ages 3

³⁰ "Game Changer: Investing in Digital Play to Advance Children's Learning and Health," page 6, Joan Ganz Cooney Center, June 2009.

and 7 who played with an application based upon the PBS KIDS series *Martha Speaks* boosted their performance on vocabulary assessments by 20 percent.³¹

- PBS partnered with the National Science Foundation on *Lifeboat to Mars*, an educational biology game on the PBS KIDS GO! site that challenges elementary-age students to build a virtual ecosystem. The game employs unique “modding” technology that allows children to build their own version of the game to share with others. Since *Lifeboat to Mars* was introduced in January 2010, children have used the feature to create and share more than 1,000 games. A recent *USA Today* article recommended that “[p]arents and teachers looking for a way to make learning biology fun for kids can find it in an outstanding free online game called *Lifeboat to Mars*.”³²

³¹ PBS KIDS iPod App Study, Rockman et al., April 2010.

³² Gudmundsen, Jinny. “PBS Kids' teaches biology in an online game.” *USA Today*, Feb. 4, 2010, at http://www.usatoday.com/tech/columnist/jinnygudmundsen/2010-02-04-lifeboat-mars_N.htm.

CONCLUSION

PBS welcomes the Commission's inquiry into the Future of Media and appreciates its recognition of the importance of public media in serving the information needs of communities. PBS and its member stations are eager to help inform and shape the future of American media. Driven by its public service mission, PBS is investing and experimenting in new content, new platforms, and new partnerships in an attempt to address and anticipate the needs of communities in the evolving media landscape. Through our efforts in the three key areas of news and public affairs, children's educational content, and arts and culture, as well as our participation in this proceeding and a continuing dialogue with the Commission, PBS is committed to ensuring that the future of media is a bright and promising one.

Respectfully submitted,

PUBLIC BROADCASTING SERVICE

By: Katherine Lauderdale
Senior Vice President, General Counsel
Loren Mayor
Vice President, Strategy and Ventures
Public Broadcasting Service
2100 Crystal Drive
Arlington, Virginia 22202
Phone: 703-739-5000
Fax: 703-837-3300

May 7, 2010