



**To: PBS Member Station General Managers**

**From: Paula Kerger, President and CEO**

**Date: October 24, 2018**

**Subject: Revision of the PBS Program Differentiation Plan Policy**

### **Overview**

Since 1995, PBS's Program Differentiation Plan ("PDP") policy has offered stations in multiple-station markets the opportunity to provide a distinct service to viewers alongside a primary PBS member station. The policy was updated in 2009 to reflect the emerging digital media environment, and in 2017, at the request of the Station Services Committee ("SSC") of the PBS Board, the Board's Member Services Access Working Group ("the Working Group") undertook a reevaluation of the PDP policy to ensure that it continued to be relevant and effective in the current multiplatform, on-demand landscape. The Working Group received extensive input from the various stakeholders, including full National Programming Service (NPS) stations and PDP stations in multiple-station markets, and used that input to determine how the PDP policy should be revised to serve the best interests of the system and the American public. Following that review, the Working Group developed principles that should guide the PDP policy as well as specific recommendations, which it presented to the SSC at its September 24, 2018 meeting. The SSC accepted the recommendations and asked PBS staff to draft policy language for review and adoption at the Board's December meeting.

### **Core Principles**

The Working Group was guided by the following core principles in creating its recommendations.

- Encourage a wider offering of PBS content from all genres with minimal duplication to serve today's large, highly diverse broadcast markets
- Encourage full NPS and PDP stations to collaborate across all platforms to serve their communities and to explore organizational mergers
- Ensure the primacy of the full NPS station in the market

- Strengthen overall station sustainability

## **Recommendations**

The revisions recommended by the Working Group and approved by the SSC address five broad areas: 1) Collaborations; 2) PBS's PDP Membership Policy; 3) Content Differentiation; 4) On-air pledge; and 5) Passport. It should be noted at the outset that the recommendations were developed by the Working Group, and approved by the SSC, with the intent that they would be implemented as a complete package.

### 1. Collaborations/Mergers

The current PDP policy allows great flexibility for multiple stations in a market to serve the public through differentiated schedules. Conversations between stations in overlap markets to share best practices around collaborative agreements should be encouraged. PBS will also continue to work with CPB and affected member stations to promote successful mergers, recognizing that the decision to collaborate or merge is a local one.

### 2. PDP Membership Policy

The current policy allows qualifying stations that substantially overlap full PBS member stations to apply for PDP status. This provision will be terminated, which would mean that new and existing full NPS member stations would no longer have the option of moving to PDP status. In today's on-demand environment – with programming available on many platforms at all times – a delayed broadcast of a limited amount of NPS programming does not meet the goal of differentiation. However, the revision will allow current PDP stations to be grandfathered as PDP stations.

The current PDP policy also allows PDP stations to move to full NPS status at any time, without PBS Board or Management approval. Going forward, Board approval will be required for any move by a PDP station to full NPS status. Such a change will align with the current "Policy on Admission to PBS Membership," which requires PBS Board approval of any new PBS service in markets already served by a full NPS station.

In such cases, the new applicant must demonstrate "...that extraordinary circumstances exist such that the Board may consider an exception to the policy against duplicative service..." PBS staff will develop the criteria to determine "extraordinary circumstances." The proposed change will go into effect immediately upon approval by the Board, and will replace the current moratorium on changes from PDP to full NPS status.

### 3. Content Differentiation

The current policy allows PDP stations access to 25% of the NPS, to be divided between Primetime programming (1/3 of total hours) and Non-primetime programming, such as PBS KIDS and PBS NewsHour (2/3 of total hours). PDP stations may choose from all PBS NPS programming for each category. The result has been the widespread broadcast by PDP stations of a few highly rated PBS series and the underrepresentation of some of PBS's mission-based programming (e.g., the arts, independent film and news and public affairs).

Under the revised policy, the PDP primetime allotment of hours will be divided into two distinct content groupings: 10% of the NPS primetime hours available to a PDP station must be drawn from a group of mission-based programming identified by PBS staff (e.g., PBS Arts, Independent Lens, POV) and 15% may be drawn from the remaining programming. Under this arrangement, PDPs will still have access to highly rated programming and the market will receive additional plays of PBS mission programming.

There will be no change in the current eight-day delay for primetime programming or the prohibition against cherry-picking episodes of a series.

### 4. On-Air Pledge

The current policy requires that a PDP station delay by one pledge drive new PBS Fundraising Programs ("PFP") unless the station pays a 25% surcharge on its PFP annual dues. The 25% surcharge is credited toward the full NPS station's PBS dues. The PBS Board established the surcharge in 2009 to encourage a differentiated one-pledge schedule, to discourage PDP stations from pledging new content ahead of the full stations that observe Common Carriage, and to provide full NPS stations with a measure of potential exclusivity mirroring that of non-PFP NPS content.

However, over the last nine years, almost every PDP station has elected to pay the surcharge. As a result, pledge drives are not differentiated and full NPS stations, for the most part, have not received the benefit of exclusivity.

Under the revised policy, the surcharge option will be eliminated and all PDP stations will be subject to the mandatory one-drive delay in order to restore greater differentiation in the use of PBS pledge programming. This recommendation would not put any further limitations on the frequency of

pledging by PDPs or on the usage of pledge programming acquired from other providers.

## 5. Passport

When Passport was created in 2015, access to the service was restricted to members of full NPS stations in alignment with the PDP streaming policy, which prohibited PDP stations from streaming from their locally-managed online platforms (station website and local apps) content for which they do not license for broadcast. At the same time, PBS's localized on-demand platforms (PBS COVE/Media Player) serving PBS.org, PBS mobile apps, and OTT platforms such as Roku and Apple TV, have continued to offer all PBS content to visitors who localize to full NPS or PDP stations.

By not giving access to Passport to all member stations, PBS has been inhibited in fully promoting Passport to the broadest audience across all platforms. In addition, PBS has had to produce two versions of national pledge breaks, one with a reference to Passport and one without. Also, a review of PDP station program selection indicates that the most popular Passport series are already being broadcast by the majority of PDP stations (80% Passport streams are top five shows that PDPs purchase).

Taking these points into consideration, the Working Group recommended, and the SSC unanimously agreed, that PDP stations should be allowed to offer Passport to their members. This is consistent with the digital content offered on other PBS-hosted platforms, while retaining the content streaming rights limitations on PDP-managed platforms (local.org, local app). By granting PDP stations access to Passport, PBS anticipates that it will be able to fully leverage and integrate Passport to drive membership across the system. Full access to Passport for all PBS station members will create a better user experience and increase support for all PBS stations.

If you have any questions, please contact Thomas Crockett, Vice President, PBS Station Services ([tcrockett@pbs.org](mailto:tcrockett@pbs.org); 703-739-5434).

### Member Services Access Working Group

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