

Big Bird has the upper hand on Trump

The White House released the President’s 2018 budget in March and, predictably, it proposes to eliminate funding for the Corporation for Public Broadcasting (CPB). Headlines such as “Big Bird on the Chopping Block” and “The End of Big Bird?” dominated media outlets. Could Sesame Street disappear if the CPB loses federal funding? Supporters claim any cuts will harm children through the loss of educational programming. Opponents point to the nation’s \$20 trillion dollar debt and say cuts need to be made everywhere (and, in some circles, because Big Bird is a commie propaganda tool). They’re both wrong. Let’s dig into the numbers.

Sesame Workshop, the nonprofit corporation that owns Sesame Street, solved the age-old problem of sustainability. From its modest beginnings in the late-1960s—through grants from the U.S. Department of Education and the Ford and Carnegie foundations—Sesame Street has grown into a global brand with annual revenues exceeding \$100 million according to the company’s audited financial reports. Recent IRS tax filings show that federal grants account for no more than four percent of revenues.

Revenue Source	Fiscal year ending June 30,			
	2013 ^{1,2}	2014 ^{1,2}	2015 ^{1,2}	2016 ^{1,3}
Distribution fees & royalties	\$39,346,000	\$31,617,000	\$27,252,000	\$49,636,000
Licensing	46,521,000	41,182,000	37,389,000	36,598,000
Government grants	3,331,121	3,227,429	3,669,167	N/A
All other revenue	31,682,879	28,022,571	25,600,833	35,387,000
Total Revenue	\$120,881,000	\$104,049,000	\$93,911,000	\$121,621,000

IRS filings also reveal generous compensation packages earned by its top executives. In 2014, Sesame Workshop’s former CEO earned more than \$586,000, in salary and benefits, for the nine months leading up to his retirement (the previous year, he earned \$672,000). Ten other key employees earned an average \$382,000 in annual compensation. Sesame Workshop’s lead writer pulled down an impressive \$597,000 salary in 2014.^{2,4}

Sesame Workshop clearly does not need government grants to stay afloat. In fact, the money it currently receives isn’t used to produce domestic Sesame Street episodes (more on this later). Any financial issues Sesame Workshop has in the future won’t be due to federal funding cuts.

Sesame Workshop has a contract with HBO through 2020 to produce new content for its network. Episodes broadcast first on HBO, nine months later they appear on public television stations. This investment puts Sesame Street in a secure position. HBO executives understand the paramount importance of quality content; they see tremendous upside from Sesame Street’s production value and intensely loyal audience. This is a winning proposition for Sesame Workshop and HBO.

Even if the CPB loses funding, Sesame Street will carry on. When Sesame Street first aired, there were only a handful of television stations in each market. Public television served a valuable purpose by providing a medium for the new educational programming. Today—between digital broadcast, cable, satellite, online streaming and video podcasts—there are hundreds of outlets available to Sesame Street. Episodes could even be shown with minimal commercial interruptions like current public television shows.

¹ <http://www.sesameworkshop.org/about-us/financials/> (accessed March 29, 2017)

² <http://foundationcenter.org/find-funding/990-finder> Name search: Sesame Workshop (accessed March 29, 2017)

³ IRS data on government grants not yet available as of March 29, 2017

⁴ <http://www.investors.com/politics/commentary/big-bird-is-rich-so-why-does-he-need-taxpayer-money/> (accessed April 6, 2017)

It's an antiquated notion that programs like Sesame Street should remain on public television either out of nostalgia or because "that's how it's always been done." Those days are gone.

On the other side of the coin, eliminating Sesame Workshop's funding will not reduce the national debt by one penny. The funding it receives supports military families and provides educational opportunities overseas—*programs initiated by the federal government!* Sesame Workshop isn't coming to Uncle Sam looking for a handout to stay on the air; this funding is for work Uncle Sam asked Sesame Workshop to perform. Short of a total elimination of foreign aid, the U.S. will continue supporting developing nations. If Sesame Workshop isn't the primary grantee or contractor, another educational provider will step in to perform the work.

According to USAspending.gov, Sesame Workshop received approximately \$54.5 million in federal funds between 2008 and 2016: 78 grants/cooperative agreements (\$39 million); 71 contracts (\$15 million); and 2 subawards (\$561,000). Grants were awarded predominantly by the U.S. Agency for International Development and the Department of State for work in countries such as Indonesia, Kenya, Nigeria, Jordan, Bangladesh, Afghanistan, Swaziland, Botswana, Namibia and Bulgaria. The Department of Defense and the Department of Veterans Affairs issued all but five of the 71 contracts. (Note: Every contract was awarded on a sole-source/no-bid basis. Perhaps, the dealmaker at 1600 Pennsylvania Avenue can investigate the lack of competition.)

So here we are: once again stuck between two political parties bickering over a few million dollars and two scenarios that will never occur. To what end? Campaign donations? Arguing for the sake of arguing? Washington, D.C. has become a Solutions-Free Zone. Cut the funding or don't cut it but move on to bigger issues that will impact—and benefit—all Americans.

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