

Budgeting for Big Bird:

Fundraising for *Sesame Street* and the Meaning of Public in Educational Television

Sherman Dorn and Wooyeong Kim

Arizona State University

Prepared presented at the annual meeting of the History of Education Society (U.S.), November 2, 2019 (Columbus, OH). Please address correspondence to Sherman Dorn,

Sherman.dorn@asu.edu

Introduction

When the first-run episodes of *Sesame Street* in the United States moved to the cable network HBO in January 2016, television critics and parents responded with a sense of betrayal. In his review of the new season, New York Times critic James Poniewozik explained, “[P]arents have invested a lot of trust in ‘Sesame Street.’ That may be why the HBO deal, even if it got Big Bird a new nest, inspired such Bernie Sandersian outrage. An institution rooted in the ideal of equal opportunity is now, like air travel, one more tiered experience.” “They’re abandoning everything that made this program so wonderful,” said Earline in an online comment on Poniewozik’s review. “Neo-conservatism comes to Sesame Street,” complained DaveG. Ade Emnus wrote just, “sesame 1% street.”¹

Washington Post columnist Alyssa Rosenberg captured the intangible sense that the show somehow belonged to the public: “The show is a perfect example of the kind of thing that many of us feel instinctively ought to be some sort of public trust, but that we’re not exactly lining up to pay for as if the show were public infrastructure.” While observing that the show had a substantial portion of private funding from its origins, she argued that even the transient vulnerability of *Sesame Street* that encouraged the move to HBO showed the nation’s underfunding of the arts: “Elmo products may keep ‘Sesame Street’ alive and cranking out new

¹ James Poniewozik, “Review: HBO’s ‘Sesame Street,’ Fancy but Not Free,” *The New York Times*, January 15, 2016, sec. Arts, <https://www.nytimes.com/2016/01/15/arts/television/tv-review-sesame-street-hbo.html>. New seasons of *Sesame Street* have still aired on PBS stations around the country, starting nine months after the HBO broadcast season. In October 2019, HBO and Sesame Workshop announced that the first-run episodes would begin airing on HBOMax, the streaming service associated with HBO. The reactions to the HBOMax announcement were similar to the reactions of the original agreement between Sesame Workshop and HBO.

episodes, but it was the PBS pipeline that made sure children of all economic backgrounds had access to new episodes at the same time.”²

This paper takes Rosenberg’s historical argument seriously, using a combination of the archival records of the Children’s Television Workshop at the University of Maryland with more recent annual New York state charity reports of the Children’s Television Workshop (now Sesame Workshop). These unique long-term records of a non-profit’s funding strategies and operations will allow us to start working the postwar history of educational broadcasting into the existing postwar historiography on the fragility of public education as a concept. From the late 19th century until recently, historians have defined K-12 public education in part because most of its revenues come from taxation; and then vouchers, tax credit, and charter-school policies disturbed the supposedly-strict dividing line between public and private.³ Historians have arguments about the public nature of universities with states’ names in them, long after flagships such as the University of Michigan were tossed only a few crumbs from state coffers.⁴ In many ways, the most enduring educational television show in the United States was both born of federal funding and limited by a framework that federal support was for experimental and start-up rather than operational purposes. The founders of the Children’s Television Workshop accepted that framework – were in fact the model for it – and made strategic

² Alyssa Rosenberg, “‘Sesame Street’ Goes to HBO and Makes It Clear Why We Should Fund the Arts,” *Washington Post*, August 13, 2015, <https://www.washingtonpost.com/news/act-four/wp/2015/08/13/sesame-street-goes-to-hbo-and-makes-it-clear-why-we-should-fund-the-arts/>.

³ William J. Reese, “Changing Conceptions of ‘Public’ and ‘Private’ in American Educational History,” in *History, Education, and the Schools*, ed. William J. Reese (New York: Palgrave Macmillan, 2007), 95–112, https://doi.org/10.1057/9780230104822_6; for an argument rooted in the 19th century history of growing public-private divides, see Nancy Beadie, “Toward a History of Education Markets in the United States: An Introduction,” *Social Science History* 32, no. 1 (2008): 47–73. For a discussion of the porous boundary related to students with disabilities, see Sherman Dorn, “Public-Private Symbiosis in Nashville Special Education,” *History of Education Quarterly* 42, no. 3 (2002): 368–394.

⁴ Christopher Newfield, *Unmaking the Public University: The Forty-Year Assault on the Middle Class* (Cambridge, Mass.: Harvard University Press, 2011). As many administrators have observed, many public flagship universities have moved from publicly-funded and –governed institutions to becoming publicly-supported, publicly-located, and occasionally publicly-harassed.

decisions that quickly and permanently prioritized the survival of *Sesame Street* as an American institution – one that made emotional connections for the millions who adored it even while its funding came predominantly from private sources.

This paper relies heavily on the archival materials at the University of Maryland, which include the original proposals from the 1960s, discussions of spin-off products shortly after *Sesame Street* began airing, a discussion of broader revenue strategies in the early 1970s during the Nixon budget battles with Congress, and the implementation of a strategy for diverse revenues as federal funding of operations wound down in the 1970s and afterwards. The archival records also include discussion of funding for the production of international broadcast versions such as *Plaza Sesamo* (funded at first by XEROX). This work also builds on the existing work on *Sesame Street*, especially Robert Morrow's 2006 monograph.⁵ These records will also allow us to look at a different perspective on private fundraising for education. The historiography and current literature often focus on the funders' perspectives,⁶ with an important exception in higher education.⁷ The long history of *Sesame Street* allows us to examine private funding for education purposes from the perspectives of those receiving funds – what they considered acceptable sources of funding, what they thought their values were, what limits they

⁵ Robert W. Morrow, *"Sesame Street" and the Reform of Children's Television* (Johns Hopkins University Press, 2006). Not incidentally, Morrow was one of the original organizers of the archival materials, contributing to the original finding aid for the collection.

⁶ James D. Anderson, *The Education of Blacks in the South, 1860-1935* (Chapel Hill, NC: University of North Carolina Press, 1988); Sarah Reckhow, *Follow the Money: How Foundation Dollars Change Public School Politics* (New York, NY: Oxford University Press, 2012); Sarah Reckhow and Jeffrey W. Snyder, "The Expanding Role of Philanthropy in Education Politics," *Educational Researcher* 43, no. 4 (May 1, 2014): 186–95, <https://doi.org/10.3102/0013189X14536607>; Janelle Scott, "The Politics of Venture Philanthropy in Charter School Policy and Advocacy," *Educational Policy* 23, no. 1 (January 1, 2009): 106–36, <https://doi.org/10.1177/0895904808328531>; Megan E. Tompkins-Stange, *Policy Patrons: Philanthropy, Education Reform, and the Politics of Influence*. Educational Innovations Series (Cambridge, MA: Harvard Education Press, 2016).

⁷ Marybeth Gasman and Katherine V Sedgwick, eds., *Uplifting a People: African American Philanthropy and Education* (New York, NY: Lang, 2005); Frederick Rudolph, *The American College and University: A History* (New York, NY: Knopf, 1962); Sheila Slaughter and Larry L Leslie, *Academic Capitalism: Politics, Policies, and the Entrepreneurial University* (Baltimore, MD: Johns Hopkins University Press, 1997).

saw. In many ways, the choices made about revenue options tell us a great deal about the values of those who founded Children's Television Workshop and watched over *Sesame Street's* survival and legacy, while the public image of the show encouraged an emotional ownership of Big Bird and his friends by the general public.

Sesame Street's Funding Origins

When *Sesame Street* debuted November 10, 1969, it was a show established for preschool children as a unique experiment in pre-academic teaching over the airwaves. As the founding president of Children's Television Workshop (CTW), Joan Ganz Cooney had proposed an educational program for preschool children that fulfilled entertainment and educational goals in tandem.⁸ Cooney's theory of the show was that by attracting an audience of preschoolers and parents (mostly mothers) with an entertaining show, it could then teach children with systematically organized educational content.

The multiple proposals that led to the show were responding to the quick spread of television in the postwar era, with both attending alarm and hope that commonly accompanies cultural change. By the late 1960s, broadcasters like Fred Rogers and Joan Ganz Cooney argued for the power of television as a tool for supporting child development – and as Cooney developed grant funding, an argument specifically that television could help provide equal educational opportunities for preschool children. In addition, Cooney and other founders of the Children's Television Workshop also suggested that educational television could be developed using both accepted commercial features of television production and research-based psychological insights into child development.

The origin story begins in the winter of 1966, at a dinner party at Cooney's house with Lloyd Morrisett, a vice president at the Carnegie Corporations, and also Lewis Freedman,

⁸ Richard Polsky, *Getting to Sesame Street: Origins of the Children's Television Workshop* (New York: Praeger, 1974).

Cooney's boss at New York City's public television station. Morrisett's daughter was addicted to watching television, he reported, and wondered, could television do anything productive for children? That sparked an intense effort to answer that question. The hope that threaded through the proposals that followed: a show that "would be both entertaining and attractive to the children and, at the same time, educational."⁹ That evening discussion was the beginning of *Sesame Street*.

When Cooney finished a "feasibility study" in the fall of 1966, funded by Carnegie, Cooney hoped that Channel 13 would telecast the show. Freedman and Cooney met with Morrisett at the Carnegie Corporation's offices to discuss the possibilities for establishment of a television show by Channel 13. Cooney suggested to the Carnegie Foundation that the show have various formats for children's entertainment. However, Freedman was no longer program director at the station by the end of the year, and Cooney left Channel 13 a few months later when Channel 13 refused her proposal.¹⁰ To obtain funding, they began to negotiate with the federal government and also the Ford Foundation and the Carnegie Corporation.

After landing at National Educational Television, Freedman recommended the creation of a production company affiliated with NET. Over many months, Cooney reworked the idea of an educational show for preschoolers that would teach basic concepts and literacy. Together with Morrisett and others, she obtained a grant from Carnegie Corporation, funding from the federal government, and Carnegie's charitable rival, the Ford Foundation.¹¹ The newly formed Children's Television Workshop (CTW) launched as a unit within NET with combined funding of

⁹ Morrow, *"Sesame Street" and the Reform of Children's Television*.

¹⁰ Morrow, *"Sesame Street" and the Reform of Children's Television*.

¹¹ Children's Television Workshop. "Children's Television Workshop Summary of Funding Sources as of September 1971," September 1971. Box 10, Folder 9. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries. National Educational Television had begun in the early 1950s as the Educational Television and Radio Center, supported by Ford's Fund for Adult Education. It was the predecessor of PBS but operated with a different governance model and different relationship with local stations.

\$8 million from the Carnegie Corporation, the Ford Foundation and the U.S. federal government to create and produce a new children's television show.¹² The public announcement of the grant package in March 1968 heralded a utopian vision for educational television. The purpose of the Workshop was to create a “nursery school without walls” and “to stimulate the intellectual and cultural growth of young children—particularly those from disadvantaged backgrounds.”¹³ With bigger purposes like fighting poverty, the experimental preschool television show obtained funding from the federal government and foundations. But it also made for different expectations.¹⁴

As conversations moved from a dinner conversation to a large public-private partnership, the asserted purpose of the show had shifted. The proposal for what became *Sesame Street* grew from an experiment exploring if television could teach into a much weightier project, an attempt to bring the benefits of preschool education to poor children. Like Head Start, the purpose of *Sesame Street* was to prepare children of the poor, and especially African American children in cities, with teaching the three Rs and values of citizenship. And to achieve these goals, it would have to keep an audience of children.¹⁵ The goals of the experimental show had metastasized to match the utopian views of the Great Society. Major foundations including the Ford Foundation and the Carnegie Corporation as well as educators and parents had imagined

¹² Polsky *Getting to Sesame Street*.

¹³ Carter, Barbara, and Gloria Dapper. “Report of Seminar.” Cambridge, MA: Children’s Television Workshop, June 26, 1968. Box 32, Folder 38. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries; Morrow, “*Sesame Street*” and *the Reform of Children’s Television*; Polsky, *Getting to Sesame Street*, p. 3.

¹⁴ Morrow, “*Sesame Street*” and *the Reform of Children’s Television*.

¹⁵ Michael Z. Newman, “New Media, Young Audiences and Discourses of Attention: From Sesame Street to ‘Snack Culture.’” *Media, Culture & Society* 32, no. 4 (July 2010): 581–96. <https://doi.org/10.1177/0163443710367693>.

that television would change educational outcomes without addressing deeper educational inequities, racial segregation, and geographical isolation.¹⁶

CTW tried to draw as large an audience as possible for this program. The project members thought that it was necessary to devote an extensive budget for this show to expand the audience including disadvantaged and disabilities. For this, CTW considered several ways to promote Sesame Street such as advertisements in local newspapers, decoration of target areas, and mailings.¹⁷ To support the development of an audience, for example, the spending of the grant reflected that goal, with \$5.5 million anticipated in production costs and almost \$2.5 million in other supports, including \$400,000 in “Public Information” over that first 1968-1970 grant cycle. More than a third of the budget for public information materials (\$125,000) was spent directly on local stations, termed “Allotment to Educational TV Stations for local and regional public relations.”¹⁸ This grant was spent on the distribution for stations in selected cities to enable CTW to expand its promotional activities across the country, to select stations for spending funds to cooperate with local community groups.¹⁹ A key mechanism in that spending plan was to use community-level organizers to generate an audience in cities. A study focusing

¹⁶ Victoria Cain, “From *Sesame Street* to Prime Time School Television: Educational Media in the Wake of the Coleman Report,” *History of Education Quarterly* 57, no. 4 (November 2017): 590–601. <https://doi.org/10.1017/heq.2017.34>.

¹⁷ Children’s Television Workshop. (1968). Children’s Television Workshop of NET BUDGET (p 45). Retrieved from Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries. (Box 1, Folder 24)

¹⁸ Cooney, J. G. (1968). Progress Report Phase I: Development (p 17). Retrieved from Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries. (Box 3, Folder 1). Also see Children’s Television Workshop, “Children’s Television Workshop of NET: Budget Presentation,” June 20, 1968, Box 1, Folder 24, Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

¹⁹ Joan Ganz Cooney, “Progress Report Phase I: Development” (1968), p 17. Retrieved from Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries. (Box 3, Folder 1)

on the show's "ghetto audience" in New York, Chicago, and Washington, D.C., showed significant numbers of African American and Latinx families watching the show.²⁰

An Overview of a Half Century of Workshop Funding

The budgeting priorities in the first few years of *Sesame Street*'s development and distribution focused on the creation of and building an audience for a new type of broadcast program, trying to address Cooney's obsessions with achieving both educational and audience (or market) goals. As the popularity of *Sesame Street* became evident in its first year, the goals of Children's Television Workshop leaders shifted, maintaining *Sesame Street*'s production and outreach workflow and moving to the development of new programs such as *The Electric Company*. The Workshop moved out of NET and became a freestanding nonprofit, a change that presaged the goal of preserving its mission, beyond the creation of an experimental show or two. Within a few years, especially as federal budget fights in the late Nixon years threatened public broadcasting appropriations, the leadership institutionalized searches for revenue sources. Some of those searches failed while others succeeded, and at one level, a key question is, how has *Sesame Street* and its non-profit survived for 50 years? In the following paragraphs we provide a brief overview of how revenue sources have changed.

An internal report of funding sources as of fall 1971 showed that of the \$18.3 million received by Children's Television Workshop in the first three years from its founding in 1968, \$11.5 million or 63% had come from public agencies (primarily the Department of Health, Education, and Welfare) or government-chartered pass-through entities such as the Corporation for Public Broadcasting. Of the \$6.8 million in private funding received in its first three years, \$5.6 million were in grants from the Carnegie Corporation of New York and the Ford

²⁰ Children's Television Workshop. "A Summary of CTW Audience Data" (1973). Retrieved from Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries. (Box 10, Folder 9)

Foundation.²¹ Thus, the bulk of funding was in direct support of the development, production, and generation of audience for *Sesame Street* and its first spin-off for school-aged children, *The Electric Company*. The public-private partnership was a feature of *Sesame Street*'s funding from the beginning.

What changed over the next several decades was not the combination of funding from both public and private sources but instead were the routes by which both public and private funding supported *Sesame Street* and related programming, as well as the creation of a new and now-essential funding stream for Children's Television Workshop (now Sesame Workshop). In 1971, funding continued to flow from the federal government for production costs both through direct grants and by general support from the (then-new) Corporation for Public Broadcasting. Within a decade, the Workshop staff had been successful in diversifying revenues. In some cases, this came from the original model, such as when the National Science Foundation underwrote the development and production costs of the creation of *3-2-1-Contact* in the late 1970s, and more recently as US Aid for International Development (USAID) has funded the development of international programming in regular grants.²² (In 2005, of the \$6.2 million or 6% of revenues that came from direct grants, \$4.5 million came from USAID.)²³ But the economic model for *Sesame Street* became dependent on a new funding source: consumer goods.

²¹ Children's Television Workshop, "Children's Television Workshop Summary of Funding Sources as of September 1971," September 1971, Box 10, Folder 9, Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries. In addition to the funds that CTW had received at that point, they had been promised an additional \$1M from the Ford Foundation.

²² "A Feasibility Planning Study for a Daily Television Science Series for Children" (National Science Foundation Award 7716726, September 28, 1977), https://www.nsf.gov/awardsearch/showAward?AWD_ID=7716726&HistoricalAwards=false.

²³ Sesame Workshop, "Sesame Workshop 2006 Annual Filing for Charitable Organizations," New York State, May 14, 2007, New York State schedule 4b, https://www.charitiesnys.com/RegistrySearch/show_details.jsp?id={6D73DF75-BC87-4F38-B6AC-2268C010EB1E}.

That dependence on royalties for consumer goods is evident in annual charity reports to the federal government and New York State. In 2001 through 2004, the Workshop reported that of \$375 million in revenues, \$202 million or 54% came from “Other income,” which it noted comprised largely royalties from toys and plush animals.²⁴ In the 2005 fiscal year, specifically, it received \$14.7 million in license fees from Mattel and \$6.6 million from KMart, altogether considerably more than the \$4.3 million it received in the same year from the Public Broadcasting Service.²⁵ Elmo had become dependent on the sales of Tickle-Me Elmo.

The early part of the century may have been a high-water mark in terms of financial dependency on consumer-good licensing. The 2015 agreement to place first-run episodes on HBO substantially reduced the role of product licensing of consumer goods in Sesame Workshop revenues. In recently reported financial statements, such licensing contributed \$69 million or 27% of total revenues for fiscal years 2017 and 2018.²⁶ The audited financial statements for 2015 through 2018 do not mention either HBO or WarnerMedia (HBO’s parent company), but the consequence has been clear: Sesame Workshop’s license agreement with WarnerMedia further diversified its revenue stream.

In many cases, the steps in diversifying revenue came with public discussion, but as much around consumption culture rather than the nature of funding and *Sesame Street*’s relationship with the public. With Tickle Me Elmo’s release in 1996, the toy quickly sold out in stores, and its nature as a consumer phenomenon sparked discussions of overhyped

²⁴ Sesame Workshop, “Sesame Workshop 2006 Annual Filing for Charitable Organizations,” IRS Form 990 Schedule A, Part IV-A and “statement 32.” New York State charitable annual filings include the state forms, federal 990 forms, and annual financial statements.

²⁵ Sesame Workshop, “Sesame Workshop 2006 Annual Filing for Charitable Organizations,” Consolidated financial statements of FY 2005 and 2006, p. 13.

²⁶ Sesame Workshop, “Sesame Workshop 2018 Annual Filing for Charitable Organizations,” May 10, 2019, https://www.charitiesnys.com/RegistrySearch/show_details.jsp?id={6D73DF75-BC87-4F38-B6AC-2268C010EB1E}.

consumerism and rumors of mafia family hijinks to acquire several of the toys.²⁷ And just in the last few weeks, the announcement of the move of first-run *Sesame Street* episodes from HBO to HBOMax have restarted the debates from 2015. What is less discussed is the internal strategy of CTW (now Sesame Workshop). The archival materials provide more background on the efforts of CTW leaders than the annual charity filings with New York State. Annual financial reports document the funds that were brought in -- in essence, the successful strategies of CTW over the years. What is missing from financial statements are the internal discussions, the failed efforts, and the strategic choices made.

Strategic Choices

The development of a long-term strategy for sustaining *Sesame Street* was not baked into the beginning but evolved out of the lived experience of the Workshop leadership as they turned an experimental idea into a produced, broadcast show. While Cooney and others set up the Children's Television Workshop in spring 1968 within National Educational Television (NET) to handle publicity as well as production -- their model depended on effective building of an audience, after all -- after the April 1968 public announcement of the grants, they were also contacted by parties interested in connecting with this untitled, untested show for young children. By the first broadcast, CTW leaders found themselves not only building a relationship with local public television stations and parents, but also managing external relationships with toy manufacturers, book publishers, record producers, international broadcasters, and many others. Managing all of those relationships made those parties visible as the first exhilarating months of broadcast success became a long-term effort to institutionalize *Sesame Street* and other Workshop shows.

²⁷ Dan Barry, "A Christmas Tale of the Gottis and Tickle Me Elmo," *The New York Times*, December 18, 1996, sec. New York, <https://www.nytimes.com/1996/12/18/nyregion/a-christmas-tale-of-the-gottis-and-tickle-me-elmo.html>.

Five years after the initial announcement of the initial grants, the Workshop had a runaway hit for preschool children in *Sesame Street*, a second show for primary-grade children, *The Electric Company*, and growing uncertainty about the Workshop's long-term financial future. In the first year of operations, the Workshop had separated from National Educational Television, which enabled its leadership to address uncertainty in a deliberate fashion. This led to months of internal debates over revenue options at the same time that Workshop leadership struggled with the fallout of a federal budget battle in the later months of the Nixon administration. These internal discussions and consulting relationships document the efforts to maintain what its leaders thought was inviolable: the continuity of *Sesame Street*.

Consumer Goods

Before *Sesame Street* went on the air, Children's Television Workshop staff were approached by those interested in licensing the as-yet-unnamed characters for commercial purposes. For example, the Arnold Corporation suggested that making use of manipulative materials such as toys, games, and books related to programs to help better understanding.²⁸ CTW staff and advisors argued that there was a role for printed, filmed, and recorded materials, as well as educational toys, to reinforce and extend the skills children learned from viewing the show, and that CTW should establish clear guidelines for such licensing. These sources such as license of manipulative materials and toys and games for learning, licensing of materials not directly related to programs, and royalties from books and publications were already suggested to CTW for funding. And a 1970 proposal for a formal structure for such consumer established some guidelines after a book licensing deal "has worked out unsatisfactorily, in our opinion." As

²⁸ Arnold Arnold to Cooney, October 23, 1968. Box 6, folder 21; Davidson to Cooney, November 11, 1968, Box 6, folder 21, Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

a result, staff “concluded that hereafter it must retain educational and creative control over its own non-broadcast products” within a special consumer-goods division.²⁹

To operationalize that commitment, the Workshop convened staff of the new Non-Broadcast Materials Division and eight advisors. The purpose of this seminar was “to go back and reconsider the curriculum” and extending the possibilities of non-broadcast materials. The participants of this seminar developed a set of goals for the non-broadcast materials. They suggested that non-broadcast products could support and serve the show with extensions of the basic concepts introduced, and that products also could help the children to get more understanding. Some advisors also showed a skeptical perspective of the existing publications because these materials would not be used in both classrooms and home. Therefore, they suggested that non-broadcast materials including toys, books, and other stuff that would be used in various ways to help better understand the program and its underlying curriculum.³⁰

Workshop leaders and staff were comfortable with this mix of educational and revenue purpose.³¹ The control over the image and reputation of Workshop shows and characters became a hallmark of how CTW has protected its image: it has been and remains happy to

²⁹ Children’s Television Workshop. “A Proposal for the Creation of a Non-Broadcast Materials Division of the Children’s Television Workshop,” October 2, 1970, p. 2. Box 4, Folder 26. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³⁰ Children’s Television Workshop. “Report of Non-Broadcast Seminar on Pre-Reading and Reading Goals.” New York, NY: Children’s Television Workshop, November 12, 1971. Box 27, Folder 68. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³¹ Children’s Television Workshop. “A Proposal For The Creation of A Non-Broadcast Materials Division of the Children’s Television Workshop,” October 2, 1970. Box 4, Folder 26. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries; Craig, Robert W., and Mike Newcomet. “A Development Program for the Children’s Television Workshop,” March 20, 1973. Box 10, Folder 9. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries

license and gain revenue from consumer products that maintains the reputation of its shows ... and if children learn as well, that helps fulfill the long-term mission of the Workshop.³²

International Broadcasts

Since the first airing of *Sesame Street* in November 1969, CTW has gradually expanded and diversified its activities. As with producing non-broadcast materials for children, international broadcasting was one of the strategies of development with sustainability for *Sesame Street*. In the initial period of broadcasting, CTW had already begun to support expanded broadcasting through the commercial marketing of its programs, the development of foreign productions, and the creation of products based on the characters and songs of *Sesame Street* and *The Electric Company*.³³ In 1973, CTW received revenues of \$300,000 from 54 countries which paid fees to license the show. These revenues were earned by foreign royalties and foreign productions including the development of specific versions for *Sesame Street* like *Plaza Sésamo*.³⁴

The adaptation of *Sesame Street* in other countries was a global strategy for CTW.³⁵ To be specific, CTW supported several broadcasting productions in other countries by sales or production. The first program which aired outside of the United States began in 1970. Since then, foreign sales have expanded to Africa, East Asia, Europe, and the Middle East with

³² Kennedy, Thomas P. "Report from Tom Johnston," March 22, 1973. Box 10, Folder 9. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³³ Yin, Robert K. "The Workshop and the World: Toward an Assessment of the Children's Television Workshop." Santa Monica, CA: RAND Corporation, October 1973. Box 2, Folder 32. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³⁴ Thomas P. Kennedy, "Report from Tom Johnston," March 22, 1973. Box 10, Folder 9. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³⁵ Yin, Robert K. "The Workshop and the World: Toward an Assessment of the Children's Television Workshop." Santa Monica, CA: RAND Corporation, October 1973. Box 2, Folder 32. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

various types depending on the extent of independent video production: the “co-production” format and the “*Open Sesame*” format.³⁶

The foreign versions of *Sesame Street* began to be produced in Spanish, German, and French. These kinds of productions spun into other types of foreign productions in other 54 countries with the licensing fee returning revenue to CTW.³⁷ In the case of Korea, CTW requested that the Korean Broadcasting Station (KBS) pay a license fee of \$200 per episode to broadcast *Sesame Street*.³⁸ In addition, *Plaza Sesamo* in Latin America illustrates the adaptation of *Sesame Street* in foreign countries. The first *Plaza Sésamo* series was intended as a six-month run of 130 programs. Educators and broadcasters met in Mexico with Workshop producers and research staff.³⁹ In the case of *Plaza Sésamo*, the production funded was dedicated revenue, a grant from the Xerox Corporation.⁴⁰ These adaptation cases of *Sesame Street* illustrates the strategies of CTW funding to develop their programs – as with consumer goods, there was a healthy mix of educational goals—e.g., *Plaza Sésamo* produced with grant funding—with an eye to long-term revenue streams. With royalty revenues from other countries

³⁶ Palmer, Edward L., Milton Chen, and Lesser, Gerard S. “Sesame Street: Patterns of International Adaptation,” 1976. Box 174, Folder 4. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries; Yin, Robert K. “The Workshop and the World: Toward an Assessment of the Children’s Television Workshop.” Santa Monica, CA: RAND Corporation, October 1973. Box 2, Folder 32. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³⁷ Thomas P. Kennedy, “Report from Tom Johnston,” March 22, 1973. Box 10, Folder 9. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³⁸ Ian Todd to Sarah Frank, 1971 November 2. Box 204. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

³⁹ Palmer, Edward L., Milton Chen, and Lesser, Gerard S. “Sesame Street: Patterns of International Adaptation,” 1976. Box 174, Folder 4. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries

⁴⁰ Cooney, Joan Ganz, and Xerox Corporation. “XEROX Agreement,” October 1, 1971. Box 30, Folder 84. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries; Palmer, Edward L., Milton Chen, and Lesser, Gerard S. “Sesame Street: Patterns of International Adaptation,” 1976. Box 174, Folder 4. Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries;

and additional funding from other corporations, CTW could continue their programs with producing their budget sources to develop and continue broadcasting their education programs.

The federal budget crisis

The relationship between *Sesame Street* and the broader world of public television was complicated from the beginning. The first years of the Public Broadcasting System television network in many ways relied on the twin anchors of children's television, *Sesame Street* and *Mister Rogers Neighborhood*. Yet political influence on the Corporation for Public Broadcasting (CPB) spilled over in the long term. What Lyndon Johnson signed into law in 1967 with the Public Broadcasting Act, Richard Nixon almost immediately undermined by plans to defund public broadcasting and then to appoint CPB board members who were hostile to public affairs broadcasting (what Nixon particularly hated).⁴¹ While public funding for the production costs for *Sesame Street* came through the Office of Education, much of the general infrastructure for public television flowed through CPB. After his re-election in 1972, Nixon took an aggressive stance towards the federal bureaucracy and the budget, setting him on a collision course in 1973 with the Democratic Congress over budgets and impoundments – impeachment hearings were still more than a year away.⁴² No one in the world of public broadcasting could ignore the imminent threat.

In January 1973, Nixon's proposed federal budget cut \$174 million from general "educational development" activities in the Office of Education as part of his aggressive stance towards the federal bureaucracy.⁴³ What did that mean for educational broadcasting? Children's Television Workshop staff responded in the short-term by framing tactical rhetoric to protect its

⁴¹ John Wicklein, "The Assault on Public Television," *Columbia Journalism Review* 24, no. 5 (February 1, 1986): 27–34.

⁴² John A. Marini, *The Politics of Budget Control: Congress, the Presidency, and the Growth of the Administrative State* (New York: Taylor & Francis, 2014).

⁴³ Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1974*, January 29, 1973, p. 226. <https://fraser.stlouisfed.org/title/54/item/19028>.

federal funding. In February 1973, Bob Davidson discussed information that he was gathering for future Office of Education funding purposes, and in addition to information about general ratings, the “inner-city reach” of *Sesame Street*, cost-effectiveness, and in-school use of *The Electric Company*, he broached the topic of the Workshop’s ability to fund itself:

Paper #5. CTW Self-Support. A look at opportunities for self-support now under investigation and at future prospects, and also at limits on CTW self-support. This will be the most difficult paper, but it is essential that we have a realistic statement in this area if OE funding is to be maintained at a substantial level over the next few years. My present thought is to treat all areas in one paper -- products (school and trade), investment (CATV and other), international sales and production, development efforts -- maybe we will want to break them up. I would vote for getting a top level outside person to at least draft this, after substantial talks with all concerned here -- someone with the same sort of background and perception Dick Steadman has. He might be able to suggest someone.⁴⁴

A month later, Tom Johnston drafted a paper intended for Cooney, a presentation that Johnston suggested she could show to Clay Whitehead, then the head of the White House Office of Telecommunications Policy, as well as appointees and program officers at the Office of Education.⁴⁵ The draft document projected revenues from several of the sources mentioned above, as well as Workshop investments in cable television (e.g., a Hawaiian corporation that anticipated receiving a cable franchise, and a Grand Rapids, Michigan, cable system) and educational and feature films. The projections were focused on making a case that external

⁴⁴ Davidson, Bob, “Bob Davidson to Cooney, Kennedy, Hatch, Palmer, Aguayo and Awbrey,” Letter, February 13, 1973, Box 10, Folder 9, Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

⁴⁵ Thomas P. Kennedy, “Report from Tom Johnston,” March 20, 1973, Box 10, Folder 9, Archive of the Children’s Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

revenues could not replace public funding until the 1978 fiscal year -- i.e., that the Office of Education should scale down funding by approximately \$1 million each year rather than enact an immediate cutoff.

Cooney took that advice to heart. In late April, she, Workshop board chair Lloyd Morrisett, and Education Commissioner Sid Marland met with HEW Secretary Caspar Weinberger, urging him to maintain federal funding for education.⁴⁶ That meeting did not satisfy Cooney, and she then met with her late father's friend, Arizona Senator Barry Goldwater. Against Goldwater's libertarian instincts, family connections won out, and his letter to Weinberger mirrored the suggested points in Tom Johnston's draft from two months earlier:

Dear Cap:

Joan Ganz Cooney is a woman I have known all of her life, her father being one of my oldest friends.

Joan is the person who dreamed up that great children's show, "Sesame Street," but now she reports that the amount of funds generally given her to carry on this work will not be available this year.

She feels, and I agree with her, that given a few more years this show can stand on its own and I would hope very much that you could see it in the perimeter of your good judgment to accede to the request that she has made.⁴⁷

Weinberger's reply was partially satisfying, but at a funding level below what Workshop staff had argued for:

"Sesame Street" is a source of great pride to the Office of Education, and we at HEW regard our funding of it as seed money well spent.

⁴⁶ Caspar W. Weinberger, "Appointment Diary Page for April 26, 1973," April 26, 1973, Box 315, folder 5, Caspar W. Weinberger Papers, Library of Congress.

⁴⁷ Barry Goldwater, "Goldwater to Casper Weinberger," May 3, 1973, Box 6, Folder 8, Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

But seed money in these days of tightening budgets is limited, and we feel that other creative projects deserve a chance at development as well. For this reason we have proposed to give \$3 million to Children's Television Workshop in fiscal year 1974. This level of assistance, admittedly lower than last year, will enable us to meet some of our other obligations in educational innovation.

Because "Sesame Street" is so successful an experiment in preschool education, it should be able to attract funds from sources outside the federal government. The popularity of the program suggests avenues of self-generated income which, perhaps, need greater exploration.⁴⁸

Weinberger had ignored the careful preparation of external revenues projections from both Workshop leaders and Goldwater. The Workshop was on a much shorter ramp to independence of substantial federal support. The Goldwater letter lives on in the lore of Workshop culture, often with different details and timing—it clearly made an impact on Cooney and other leaders.⁴⁹ And it may have protected some funding in that year. The long-term lesson from that period was a confirmation that *Sesame Street* needed other sources of revenue.

Direct-mail Fundraising

Concurrent with the expansion of consumer product licensing and the defense of federal funding, Workshop leaders explored ways to conduct fundraising in a systematic fashion. Workshop public relations manager Robert Hatch argued in spring 1972 for "mov[ing] in the direction of a formal fund-raising effort," including hiring a consulting or marketing firm, and over

⁴⁸ Caspar W. Weinberger, "Weinberger to Goldwater," May 22, 1973, Box 321, folder 5, Caspar W. Weinberger Papers, Library of Congress.

⁴⁹ Michael Davis's retelling is an example of the garbled myth; *Street Gang: The Complete History of Sesame Street* (New York: Penguin, 2008), p. 219. For example, Davis claims that as a result of Goldwater's efforts (and those of others), the show received a line item in the FY74 budget, which we could not confirm in either regular or supplemental appropriations language.

the next several years the Workshop worked with several firms on various proposals.⁵⁰ One proposal that was enacted, and failed, was a direct mail fundraising effort. Lloyd Morrisett announced this idea at the annual meeting of public television broadcasters in 1973. The next day, Hatch and assistant director Robert Davidson, held a meeting to take questions.⁵¹ CTW began to make a club for parents and organizations for fundraising, called "THE OPEN SESAME CLUB." To become a member, CTW asked parents and other supporters to make a \$10 contribution to continue the educational projects of CTW.⁵²

The direct-mail campaign was a "most dramatic failure," with only 15% of the responses and 11% of the revenues they initially anticipated. After receiving the result of this test, CTW turned down the plan of mailing the audience for fundraising.⁵³ CTW asked Malcom Decker to analyze the direct-mail funding. Decker recommended some changes, including better targeting of the CTW magazine, expanding the size of the magazine subscriber list, and some other technical details.⁵⁴ In the long run, direct-mail fundraising never became a core part of the Workshop's revenue stream.

⁵⁰ Bob Hatch, "Hatch to CTW," April 19, 1972, Box 10, Folder 10; Bob Hatch, "Hatch to Kennedy and Kobin," December 12, 1972, Box 10, Folder 9; Bob Hatch, "Hatch to Kennedy and Kobin," December 12, 1972, Box 10, Folder 9, Pauline Brooks to CTW, May 24, 1974. Box 10, Folder 8; Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

⁵¹ Morrow, 2006.

⁵² Neff, Jeanette. "The Open Sesame Club to parents". Children's Television Workshop, n.d. Box 10, Folder 20. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries; Neff, Jeanette. "The Open Sesame Club to friend". Children's Television Workshop, n.d. Box 10, Folder 20. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

⁵³ Davidson, Bob, and Bob Hatch. "Response to CTW Direct Mail Fund-Raising Tests," October 22, 1973. Box 10, Folder 20. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

⁵⁴ Decker, Malcolm B. "CTW Test Mailing", October 1, 1973. Box 10, Folder 20. Archive of the Children's Television Workshop, Special Collections and University Archives, University of Maryland Libraries.

In retrospect, it is tempting to assume that the long-term revenue streams had been planned from the beginning, but the strategic choices evolved in response to opportunity, and sometimes in response to failure. Early dissatisfaction with a single book-publishing contract led to a philosophy of much tighter control of licensed goods, and the primary reason why direct-mail fundraising did not become as large a revenue source for the Workshop as local station membership drives is that it just did not work well. It became much easier to license plush Grover and Elmo dolls than to persuade parents to join a membership organization. That choice had consequences for the relationship between the show and its audience. Parents and children were consumers, and the funds they contributed were indirect, through purchasing (and likely enjoying) toys, plush characters, videos, and books. There was no clear link between private sources of revenue and the broadcast of the show.

Internal Strategies vs. Public Perception

The internal efforts over the decades to secure funding streams from multiple sources competed with the public image of *Sesame Street* as a family-friendly public resource—or, rather, the public image completely obscured internal strategies. With a failed effort at direct-mail fundraising, the potential to make public and highly visible that dependence on private funding evaporated, and the popular image remained of *Sesame Street* as a largely publicly-funded show. One moment from the 2012 presidential campaign illustrates that persistent image. In the October 3, 2012, presidential debate, Republican nominee Mitt Romney explained his proposed cuts to public broadcasting in the following way:

I'm going to stop the subsidy to PBS. I'm going to stop other things. I like PBS. I love Big Bird. I actually like you, too [speaking directly to moderator Jim Lehrer, well-known PBS

news anchor]. But I'm not going to keep on spending money on things to borrow money from China to pay for it.⁵⁵

The next morning at a campaign rally, President Obama used Romney's line as a way to illustrate his own values:

When [Romney] was asked what programs he would cut, the only thing he mentioned was public television. Thank goodness someone is getting tough on Big Bird. Elmo, too.⁵⁶

Obama's re-election campaign then parodied Romney's line in a campaign ad, until Sesame Workshop asked that the ad be taken down from active broadcast circulation.⁵⁷ But as far as we can tell, no reporter pointed out at the time that Big Bird had not received significant funding from the federal government for years – and, notably, neither had Sesame Workshop.

Part of this legacy image was the corollary of internal strategies at work over decades. The Workshop had carefully overseen the licensing of consumer goods to manage the image of *Sesame Street* and especially its Muppets. The ubiquity of *Sesame Street* videos and toys associated with beloved characters created an emotional public connection, one that underlay the sense of betrayal at the move of first-run episodes to HBO and, soon, HBOMax. This is different from the strategy of individual public radio and television stations whose survival strategy has depended on the public visibility of fundraising, with pledge drives and frequent statements that an individual station depends on “viewers like you.”

That emotional sense of public ownership is something currently missing from the historiography on the meaning of the term *public education*. As a group of scholars, we

⁵⁵ Debate transcript at <https://www.debates.org/voter-education/debate-transcripts/october-3-2012-debate-transcript/>.

⁵⁶ Grace Wyler, “Obama Mocks Mitt Romney,” *Business Insider*, October 4, 2012, <https://www.businessinsider.com/obama-romney-debate-big-bird-debate-pbs-2012-10>.

⁵⁷ Brett LoGiurato, “And Now Big Bird Has Become a Full-Fledged Obama Attack Ad Against Mitt Romney,” *Business Insider*, October 9, 2012, <https://www.businessinsider.com/obama-big-bird-ad-romney-pbs-subsidy-bernie-madoff-2012-10>

acknowledge the growing 19th century divide in the United States between public and private schooling based on funding, (imperfect) access, and governance.⁵⁸ What the history of *Sesame Street* shows is that there is another aspect of the term *public* that we need to discuss. For individuals and families, we may consider it the publicly emotional ownership of culture. This was not entirely new to television: the spread of book-reading created long-distance emotional ties between children and commercial culture, such as beloved book series. This is part of the reason why the Children's Television Workshop invited picture-book authors such as Maurice Sendak and Ezra Jack Keats to summer 1968 meetings to plan the show. But national broadcasting after World War 2 created a new venue for connecting mass culture to children. To a remarkable extent, the spread of radio and television a new form of relationship between children, families, and educators. It became possible for television personalities to become beloved educators, at least in the experience of children and many parents. That emotional connection with *Sesame Street* – and the contrast between the publicly emotional connections, on the one hand, and private revenues strategies, on the other – led to the surprise and disillusionment when *Sesame Street* episodes began appearing first on a cable channel. No one – not Barack Obama nor Mitt Romney, not Workshop staff nor most reporters covering public news about *Sesame Street* – had given the public any reason to believe that the show was anything but public.

⁵⁸ The balance between public and private purposes of schooling is an additional issue, and despite the work of David Labaree and others, it is one insufficiently explored in the literature on private schooling.