

Downturn hits Sesame Street

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The recession has spread from Wall Street to Sesame Street. The home of Elmo and Oscar the Grouch announced on Wednesday that it would eliminate a fifth of its 355-strong workforce as market turmoil ate into its income and assets.

Sesame Workshop, the 41-year-old non-profit educational organisation behind the Sesame Street television programmes, toys and community projects, said on Wednesday it was "not immune to the unprecedented challenges of today's economic environment".

A spokeswoman did not elaborate on the reasons for the move, but the workshop has relied heavily on donations from Wall Street firms, large corporations and private foundations, all of which have been cutting back on philanthropic activities.

The group's latest accounts – for the year to last June – show that "volatility in the financial markets" had depleted the investment portfolio on which its long-term financial viability depends. The portfolio recorded a \$9.27m loss for the fiscal year, down from a \$22.7m gain a year earlier.

Among its largest backers last year were humbled Wall Street institutions.

Bear Stearns had funded a programme to help children and their families prepare for emergencies, while Merrill Lynch backed a global citizenship initiative.

Support from backers ranging from Wal-Mart and McDonald's to the United States Agency for International Development helped the workshop report a 12.4 per cent increase in revenues to \$13.7m last year, but its net assets fell by \$6.7m because of falling investment returns and rising spending on its website and new series.

The organisation was founded in 1968 to help children from low-income families prepare for school. It has expanded from its roots on America's public broadcasting system to produce radio shows, books, magazines and online activities, and is funding research into the role of new technologies in learning and literacy.

It has also taken its brand of "Muppet diplomacy" to trouble spots from Northern Ireland to Gaza, helped educate Tanzanian children about malaria prevention, and supported military families coping with deployments to Iraq and Afghanistan.

"After careful review, we have concluded that we will have to operate with fewer resources in order to achieve our strategic priorities," Sesame Workshop said in a statement.

Financial Times, USA, 11 mar. 2009, Companies, online. Disponível em <www.ft.com>. Acesso em: 13 mar. 2009.