

USA
University Station Alliance
Mid-Year Report

January – June
2009

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University Station Alliance

A grassroots initiative for
university-licensed stations

1017 W Brooke Hollow Ct
Stillwater, OK 74075
Phone/Fax: 405 624 1192
www.us-alliance.net
E-mail: craig.u-sa@sbcglobal.net

2009 Mid-Year Report

The USA is a grassroots non-profit 501(c)(3) representing noncommercial public radio stations licensed to universities, colleges, and state agencies. One hundred and seven (107) of these across the country are affiliated or actively involved with the USA.

The USA continues to evolve as a national resource for the public radio and TV system and it is strong and growing in these tough economic times. The USA is positioned to meet the needs of stations with tightening resources. Since the USA is an Internet/Web-based national resource, receiving its services and resources does not depend on Affiliate travel. Without leaving the office, Affiliates can access tools that allow the free and accurate flow of information. The grassroots founders of the USA created a structure well-suited for the challenges of the 21st Century and for cost-efficient delivery of services.

The USA will continue to develop tools and training to help stations during these tough economic times. A summary of the USA services and survey results for the first half of fiscal year 2009 are presented below.

USA Board:

Full-board meets quarterly and the Executive Group meets monthly.
The USA financial resources are maintained by Weidenbach & Co., P.A.

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Some Stations May Fail The \$589 Million Challenge

“... But a lot of people realize that everybody's in the same boat and that their boat doesn't rise because someone else's sinks...” From a story about Paul Levy, the man who runs Beth Israel Deaconess Medical Center, Boston Globe's Boston.com

In FY 2007, universities (a term used to describe the majority of public radio and TV stations owned by universities, colleges, school systems, and state agencies) invested over \$589 million in public broadcasting compared to CPB's Community Service Grants (CSG's) investment of \$284 million to these same stations. The university investment included \$426 million to operate the broadcast facilities and \$163 million in in-kind and in-direct support provided by these licensees.

When there was a threat to CPB funding in 1995, the public broadcasting system did not say, “Ignore it, because it's not worth it.” Even though political challenges are often tied to federal funding, the public broadcasting system said, “CPB funding is important” and continued to say yes every year. Since university funding, a resource twice the size of the CPB's investment, could be cut dramatically due to the national economic decline, obviously it too is worth saving.

During these challenging times, community broadcasters may be saying they wish they had that kind of support. The reality is that the public broadcasting system as a whole is very dependent upon investments by universities. Over the decades, universities have made combined investments in public broadcasting worth several billion dollars. The resources they have provided have been the backbone upon which the public broadcasting system was built.

Each time there is an extraordinary cut to a university broadcasting facility, the result is personnel loss leading to reduced local service. The domino effect is then passed on to the national level, resulting in the loss of resources to the system supporting the national programming. Each station's loss is a system loss. Therefore, this university funding source of \$589 million cannot be dismissed.

The declining economy poses a threat to this revenue source, and it is simplistic thinking to say that there are easy answers to this particular system challenge. Now, this financial resource is being stretched like every other entity, causing a multiple hit on the public stations owned by these licensees.

Besides university funding cuts, university stations are suffering the challenges of reduced underwriting and in many instances reduced listener support. This problem is universal for all licensee types. Added to this in some instances are increases in university overhead charges. A recent USA survey **compared** public radio administration fees, rent charges, and/or **overhead charges** placed on stations by their respective university, college, state, and/or school district licensees. Of the 27 stations responding, 12 were paying overhead charges ranging from \$4,000 to \$1.4 million annually. The other 15 stations were paying no overhead fees. The trend for stations paying these charges is increasing.

The universities are the legal owners of the majority of the public broadcasting stations, and they have the ultimate control of these stations. It is a complicated relationship, and in 2001 a grassroots effort established the University Station Alliance (USA) as a national not-for-profit 501 (c)(3) support resource for university-licensed public broadcasting stations. Here are some options the USA recognizes can help avoid the loss of public service, or in some instances, the loss of the station:

USA's Recommendations for Assistance To University Stations Losing University Support:

Funding for Emergency Assistance Teams	Teams would evaluate & guide stakeholders in financial peril. The process should include all stakeholders. (USA's Peer-Review Process is already in place)
Distribute Majority of New Stimulus \$'s Using CSG Format & Formula	Distribute the new stimulus \$'s to stations using the same regular percentage formula. No CPB grant re-distribution process should be tested during this time of crisis.
Create a Bridge Funding Resource From Remaining Stimulus \$'s	Should assist stations with consolidation, licensee education, LMA's etc.
Funding for Management Training	Formal management training rather than on-the-job training. (USA's :20 Second Manager is a resource)

Options for University-Licensed Stations to Avoid Loss* of Public Service & Public Service Resources

Options	Disadvantages	Advantages
(1) On-going Dialogue with University-Licensee	Time-consuming	Easier to retain investments than to generate new ones
(2) Consolidation(s)	<ul style="list-style-type: none"> - Time-consuming - May result in no action - Negotiation process diverts personnel & resources from daily operations - Possible loss of local service 	Efficient use of limited resources
(3) Sale of Station	<ul style="list-style-type: none"> - Same as (2) - Non-public broadcasting groups may join the bidding war causing possible loss of public broadcasting service 	Station's public service preserved if purchased by another public broadcaster or local 501 (c)(3)
(4) License Management Agreements (LMA's)	<ul style="list-style-type: none"> - Same as (2) 	<ul style="list-style-type: none"> - Preservation of public service - Same as (2)

*Of course, some stations may fail resulting in the loss of public service. It may be financially unrealistic to operate the station with an LMA or to consolidate with another station. Without a significant investment from a university some stations may not be viable to continue as a public service at all costs.

What are the options for university stations that are facing drastic reductions? How can they avoid the loss of public service or, in some drastic situations, the loss of the station?

- **(1) On-going dialogue** with the university licensee educating the administrators and board about the value of the public service and life-long learning resource provided by the station. If the station depends upon licensee investments, the station should be prepared for a reduction. In the **CPB funded USA Cost of Doing Business Study's Report on Governance** the lack of communication was commonly cited as characteristic of an unsuccessful governance model. **A key finding was that there is no apparent inherent barrier to success that exists in the traditional university governance structure. For every university**

station faced with a specific governance issue there is another that has successfully addressed the issue. Some call the university's support of their public broadcasting facilities "subsidiaries" when in fact they are "investments" as is demonstrated through the Cost of Doing Business study. The USA developed the Quantitative Analysis Tool which demonstrates that the university, college, school system, and/or state agency investment returns to the licensee multiple fold public service and public relations values that dwarf the licensee's investment.

- **(2) Consolidation** of two or more stations is very time consuming with station personnel taken away from their primary responsibilities. In the end the consolidation process may fail due to licensee administrative changes or political reasons. Consolidation of licensees is usually an extended time process. It can result in saved administrative costs and efficiencies of size but it is a very slow process to complete fraught with political and economic barriers to success.
- **(3) Selling the station** to another public broadcasting entity or to a local community 501 (c)(3) interested in preserving the public service. The challenge here is that licensees who have invested millions over the years will probably want their investments back. Plus, the university licensees are strapped for money causing a challenge between public service preservation and capital needed for other university interests. Other interest groups such as religious broadcasters will be competing for the license as well creating a challenge to preserve public service programming. The smaller the market size, the more difficult it will be for the station to economically survive as a stand-alone entity.
- **(4) License Management Agreements or LMA's** often results in the preservation of the public service by another entity operating the station and taking over the financial burden of operation from the university while the university retains the license. It usually results in the loss of localism for the converted station.
- **Some stations may fail** is a tough probability and one that public broadcasters have difficulty accepting but in some instances it may be financially unrealistic to continue the public service at all costs. Yes, it will be a loss to the system and to the public being served but there are limits to what the system can absorb.

**University-Licensees
From CPB's FY 2007 Annual Financial Reports**

LICENSEE	TV	RADIO
University	57	181
State	20	12
Local Authority	7	21
TOTAL	84	214

**University-Licensee
Investment Comparisons**

STATIONS	UNIVERSITY	CPB CSG
TV Appropriations	\$346,471,536	\$200,250,000
TV In-Kind & In-Direct	\$ 90,723,531	\$ 0
TV Sub-Total	\$ 437,195,067	\$ 200,250,000
Radio Appropriations	\$ 79,821,099	\$ 83,520,000*
Radio In-Kind & In-Direct	\$ 72,034,929	\$ 0
Radio Sub-Total	\$ 151,856,028	\$ 83,520,000*
TOTAL	\$589,051,095	\$283,770,000

*Radio CSG: \$83,520,000 [\$62,300,000 (unrestricted); \$21,220,000 (restricted)]
Source: CPB FY 2007 Financial Reports

Surveys

Public Radio

Local Economic Impact – An Update

November 2008

The University Station Alliance (USA) was the first to ask the public radio system how the volatile economy will impact stations. In November 2008 stations responded to a USA survey giving the system a first look at the potential economic effects on their operations. There was a promise of a second survey in 2009 when stations had a better understanding of the real impact.

June 2009

The results from the second survey demonstrate that eight months later, the managers in 2008 made fairly accurate predictions. Like the first survey, the second was sent to multiple listservs and all licensee types. Here are the results of the June, 2009 USA Local Economic Impact Survey with 164 stations responding:

(*The numbers in red with an asterisk are the 2008 responses)

June 2009 Survey – 164 (*160) Stations Responding

46% (*42%) of station managers anticipate and/or already have received notification of cash support reductions from their university, college, school system, or state licensees. **54%** (*58%) of the stations said they have not received notification or this question was not applicable to their licensees.

There has been a **7%** (*<1%) increase in stations experiencing significant licensee cash support reductions at levels of \$200,000 and over. Other cash support reduction amounts were similar between the 2009 and 2008 surveys. **26%** (*28%) say their cash support will be reduced by their licensee by up to \$49,999, and **12%** (*10%) say their anticipated cash support reduction would range from \$50,000 to \$199,999. Another **6%** (*6%) do not know what the reductions, if any, will be.

How does the economy affect programming and public service? The most dramatic economic impact change reported by stations is in national programming. More stations **24%** (*9%) in 2009 than in 2008 say their national programming services will be affected. Fewer stations **52%** (*67%) say they anticipate no changes in their programming or public service offerings. The effect of the economy on local programming and website services remain about the same with **19%** (*20%) responding that local programming services will be

reduced or eliminated, and **7% (*4%)** say website services will have to be reduced or eliminated.

As has been observed by the down turn in attendance at the national and regional conferences, the economy is affecting meeting attendance and resources for the national and regional organizations. **20% (*12%)** say travel, memberships in organizations, phones, temporary student staffing, and various other reductions were also anticipated.

The technical and equipment reductions or eliminations have been slightly higher than anticipated. **24% (*17%)** report reductions in technical upgrades, **29% (*25%)** in equipment purchases, **10% (*6%)** on service area expansion, and **15% (*13%)** on planned HD upgrades.

In the area of personnel, **32% (*29%)** report staffing reductions with **23 (*22)** stations eliminating one or two full-time-staff (FTE). **4 (*5)** stations eliminating three to six FTE, and **4 (*0)** eliminating six or more FTE.

In regards to imposed service fees or administration overhead charges paid by the station to the licensee, **75% (*73%)** anticipate no change, **18% (*19%)** anticipate an increase and/or new charges, and about **7% (*8%)** are “waiting to see” what new charges may be imposed upon the station.

When managers were asked to project changes in audience support, business support, and/or foundation support, a variety of responses were given. For this question, multiple choices were allowed. **15% (*27%)** expect no changes. **29% (*33%)** anticipate less audience support. **64% (*49%)** anticipate reductions in business support, and **36% (*23%)** anticipate reductions in foundation support.

On the positive side of the projections, **28% (*18%)** of stations anticipate an increase in audience support, **13% (*11%)** in business support, and **5% (*5%)** in foundation support.

When asked to project changes in cash support excluding cash support from the CSG, university, college, school system, and/or state but including support from listeners, business and foundations, about **28% (*31%)** of station managers anticipate no change or an increase in support, **51% (*57%)** foresee a reduction of up to \$139,999, and **13% (*6%)** expect a cash support reduction of over \$200,000.

When asked for comments, here is a sampling of some of their responses. One manager states, “The federal stimulus money to the states has helped our state this year, and has ultimately helped us. However, a year from now we may still see further reductions once the stimulus money is gone.” Another manager indicated in 2008, “Obviously, this is just a projection. We hope we are wrong.” 2009 proves he was right. One manager says, “Business financial support has

dried up. The audiences continue to support but at lower levels and foundations are reducing giving due to severe losses in their endowments. Overall, it's threatening the existence of local media." The same manager also says, "You left out the category for matching gifts upon which MANY stations rely, and matching gifts are disappearing at an alarming rate." Another manager writes, "Membership has been flat, but underwriting has dropped about 50%. We have the same number of businesses, but many are reducing cash spent, or converting cash to trade."

This survey will be repeated again in 2010. We have a standard by which to monitor the downturn in the economy and the progressive effects upon the stations. Thanks to all the stations that participated in this survey.

FCC

MM Docket No. 99-325

"Proposed HD Radio 10 Percent Power Increase"

The USA's comments on the **FCC HD Radio 10 Percent Power Increase (MM Docket No. 99-325)** are as follows:

The USA supports National Public Radios' (NPR) position on the proposed 10 dB power increase. Like NPR, the USA generally supports increasing HD transmission power provided it is based on a managed regulatory policy (spacing rules would apply rather than a free for all without regard to consequences to analog neighbors). We believe this approach is essential to avoid harmful interference to analog radio services, which remains the predominate connection between the public and public radio programming. An across-the-board increase is a flawed approach because it requires an unnecessary balancing between improved coverage and increased interference that fails to account for each station's 1st adjacent distance separations.

Services & Resources

The 20-Second Manager

This is an interactive training series developed by the USA. The series is based upon the USA Executive Director Craig Beeby's 35-plus years of media management experiences and two degrees in Radio/TV/Film Sales and Management and Mass Communications. The series interaction will result in hundreds of years of combined shared knowledge. *20-Second Manager* topics feature everything a station manager wants to know about being a good public media manager. Some of the management topics included ***Who You let Go***

When a Layoff is Necessary, Management Etiquette Offenses, Budget Cuts, and Stress Management. The materials were distributed through the USA listserv and training presentations at the PBMA and PRDMC national meetings.

Peer Review Assessment Tool

This USA developed assessment tool continues to be a resource for public radio stations.

How does a station prepare to face the economic challenges and questions raised in difficult times? Due to frequent turnover in university administrations and the retirement of many long-time managers, changes in university public radio stations continue to loom and the assessment tool assists in the planning process for such challenges and changes.

This also can be used as a self-assessment tool. The peer review process is familiar to university administrators, who are accustomed to outside evaluations of their academic programs. The result of using this tool and going through a peer review process could be greater licensee buy-in to a station's future plans.

The tool draws from best practices in the field. The process can also provide the station's staff, board, and university-licensees with ideas for addressing current challenges and identifying resources to aid in that effort.

***Updated* University Tenets Of Public Radio Station Ownership & Operations**

In 2008, the USA board and the ERPM board endorsed the **Tenets** as an ongoing working document and gave the E.D. approval to make modifications as needed. The purpose of the tenets is to educate university administrators about the appropriate role of a university in its administrative interaction with the station in order to reduce interference in FCC-licensed broadcast facilities' operation. It is considered to be another much needed USA-generated resource. The feedback from stations has been very favorable. In February 2009, With minor modification the PRIMA membership endorsed the Tenets.

eNews and New Listserv

The USA eNews has received positive feedback. The communication tool continues to offer sophisticated methods of providing professional resources for stations as well as gathering important information for stations through surveys. Several surveys that were developed and distributed offered important information for the system's use.

Representation Regional & National

The E.D. attended the PRIMA Conference in March. Along with USA VP Madison Hodges, the E.D. trained station managers at the May PBMA conference in Tampa, Florida. In July the USA hosted two PRDMC sessions: the *Community Leaders in Public Radio* with USA, DEI, WKSU, and the *20-Second Manager – Addressing the Economic Challenges*. Other Fall 2009 regional meetings the E.D. will attend and present training sessions and information sharing include PRIMA, ERPM, and WSPR. The USA eNews continues to improve the lines of communication with regional heads and national leaders.

Executive Director Contacts

In 2009, as a result of USA consultations, training, and regional presentations, the number of contacts made by the USA E.D. totals 144 (compared to 63 at this time in 2008) and the USA Affiliates total 107.

Website usage

Total visits Jan. through June 2009 – 9,871, averaging 1,645 per month

Quantitative Worth Worksheets

Worksheets for twenty-nine (29) stations were developed in the first six months of 2009. With ranges from \$1.9 to \$59.3 million dollars the Quantitative Worth Worksheets demonstrated to university-licensees the annual public service and public relations value equivalents they are receiving from their public radio stations.

The Imputed Value of Listening by Non-Supporting Listeners

In order to estimate the total value of listening the USA developed the following model based on a number of research-based assumptions and with financial support from the Corporation for Public Broadcasting (CPB).

Combining the results of PKA's research for WCAL-FM, the Association of Minnesota Public Educational Radio Stations (AMPERS) and Minnesota Public Radio with the groundbreaking research conducted by David Giovannoni ("The Cheap 90 Public Radio Listeners: Supporters and Non-Supporters An Examination of the Causes Influencing the Decision of Public Radio Listeners to Support or Not Support Public Radio", 1985), we make the following assumptions:

- Members listen more than non-member listeners (listening drives membership)
- A member's annual donation reflects the value of the member's time spent listening

- The more a member listens the more they give
- A non-member listener values the station, but does not listen enough, on average, to support the station
- On average, an hour spent by a member has the same value as that of a non-member listener

In addition to these assumptions, our research shows that on average, members listen from 1.9 to 2.2 times more hours per week than non-members. The higher the station's TSL (time spent listening), the greater the ratio. With this information we can then estimate the value of listening by non-supporters.

All the information about the USA Cost of Doing Business studies funded by the CPB can be found on the USA Website at:

www.us-alliance.org/costofdoingbusiness/index.html

Benefits of USA Affiliation

The USA was established in 2001 as the only national not-for-profit 501(c)(3) support resource for University-Licensed* public radio stations.

Tools

Quantitative Worth Calculator	University Ownership Best Practices
Professional Surveys	Strategic Planning Models
Governance Examples & Guidelines	Marketing & Programming Advice
Personnel Performance Enhancement	Ideas for Improving Management Oversight

Services

Free Telephone Consultancy	National Representation
Fundraising Strategies Training	Community Volunteers Training
Internet-Based Services	Fee-Reduced Peer Reviews
Fee-Reduced On-Site Training	

Resources

Listserv & eNews Letters – Instant access to 270+ Managers and Leaders
20-Second Manager – Monthly Management Training
24/7 access to Website resources at www.us-alliance.org

Results: 144 Station Consultations and/or Training Jan – June 2009

Increased Listener Support	Reduced Overhead Costs
Improved University/Station Relations	Improved Personnel Performance
Editorial Integrity Protected	Governance Protocol Established
Strategic Planning Resulted in Efficient Operations & New Income	

USA Goals

- to strengthen the public broadcasting system through improving the relationship between broadcasters and universities;
- to focus on commonalities of purpose between a station and its university licensee; to integrate university/station missions and strategic plans so that stations have a place at the university table;
- to assist stations in managing licensee relations on a day-to-day basis;
- to establish “firewall” standards of editorial integrity;
- to test the assumption that it is in the best interest of all university stations to continue to be owned and operated by universities; and if not,
- to explore available options and help the station/licensee facilitate the transition

Executive Director

Craig Beeby became the founding President of the USA in 2001 and the USA E.D. in 2007. He has been involved in commercial and public broadcasting for over 35 years. Under Beeby’s leadership as Director/GM, KOSU, a university-owned station, won 276 awards for news excellence and expanded into a statewide network. A broadcast consultant and trainer on the international and national levels, he has two degrees in Radio-TV-Film Sales and Management and Mass Communications.