

Stretching the News Dollar

By Bob Papper and Michael Gerhard

If news budgets continue to get tighter, as the latest RTNDA/Ball State University Survey suggests (see accompanying article), what can news directors do to cope? Twenty radio and television news directors from across the country offer some of their budget-stretching tips.

Lease news vehicles. John Tracy, news director at KTUU-TV in Anchorage, AK, demonstrated to his station that leasing news vehicles saved a “considerable amount” over reimbursing photographers at 30 cents a mile who were driving their own vehicles.

Share the cost I. Tracy figures KTUU may be the smallest station in the country with a full time bureau in Washington, DC. He does it by sharing costs with another Alaska station (so the crew doesn’t get diluted in focus) and by making them available to NBC in emergencies. All in all, it “saves us tens of thousands of dollars,” reports Tracy.

One man bands. Erin Gilhuly, news director at KESQ-TV, KUNA-TV, and KDFX-TV in Palm Springs, CA says it’s “not where we’re going” with the department, but when people are sick, on vacation, or just a heavy day, the flexibility of having reporters shoot their own stories can save money. Pulling it off also means giving the hiring edge to people who can both report and shoot. “Where you can, get the one man band option,” says Gilhuly.

Pick your battles. Matthew Zelkind, news director at WKRN-TV in Nashville, TN says it’s all about being “strategic.” You can’t do every satellite shot and travel to every city that you want to, says Zelkind. “We make sure that when we allocate funds to travel, satellite, things like that, that the viewer and product benefit to the greatest extent.” That also means not automatically getting caught up in what the competition does. “I don’t care what the other guys are doing, basically,” says Zelkind. “I make sure that we’re serving our viewers the best we can.”

Compensate for a shortcoming. Katina Edzards, interim news director at KPTM-TV in Omaha, NE, says her station is the only one in town without Doppler radar. They compensate by doing more weather with daily team coverage. The senior meteorologist does tape pieces during the week explaining the weather—along with live forecasts on the weekend when the Fox affiliate has its biggest audience. Their other meteorologist handles forecasts during the week. “People forecast the weather, not computers,” says Edwards, and she says a local newspaper survey found the station’s forecasters were viewed as the most accurate in town—even though “we’re the only people without a Doppler,” adds Edwards.

Let others lead the way—technologically. “We don’t buy leading edge technology,” says Dan Schillinger, news director at KEVN-TV in Rapid City, SD. The station switched from 3/4 inch tape to Beta just 10 years ago, and its mid-90s computer system is “early 90s technology.” “It costs less, and there are fewer bugs and maintenance problems,” says Schillinger.

Trade not cash. KEVN traded for its news cars and high quality TV sets (instead of more

expensive monitors). Office furniture and equipment, including copy machines and computers were all trades. Not a trade, but the station bought a high end satellite download system for occasional feeds—rather than spend a lot more on a broadcast quality dish.

Produce new revenue I. The other side of the savings coin is the answer, according to Mike Frazer, news director at WSJM and “the radio stations of Southwest Michigan” in Benton Harbor. “I think the focus needs rather to be on how to make news profitable in today’s environment,” says Frazer. His answer is the Internet, and he says his reporters all carry digital cameras and have been making real inroads against the daily afternoon paper.

Brand extension. Frazer says WSJM news is a long-established brand in the market, and they use the name even on the other stations in the group. “The only thing that will distinguish us from a satellite radio provider is our unique ability to provide local content,” says Frazer. “As long as we own that market, we’re safe.”

Cross-training. Especially on the weekend, but across the board, Jim Lemon, news director at KGMB-TV in Honolulu, HI, believes in cross-training and multi-tasking. Beyond the assignment editor as producer fill-in, the station’s weekend assignment editor is also a weekday reporter.

Solo anchor. As with a number of stations, KGMB has gone to a solo anchor on the weekend. When the second anchor left for a new job, a reporter was hired instead. That gave the station more people on the street—for less money.

Share the cost II. Lemon says one of the stations in Honolulu has a helicopter, but if there’s a big story, the three others chip in to rent a helicopter and pool the footage. That gives them the helicopter shot at a fraction of the price.

Clip coupons. Really. Lemon has the accounting department pick up \$10 discount coupons for inter-island travel on Aloha and Hawaiian Airlines. “We save several hundred dollars over a year’s time,” Lemon says.

Schedule better and smarter. That’s what Joel Lundstad, news director at KRTV-TV in Great Falls, MT, says has allowed him to save a lot of money by cutting down on overtime. Lundstad says 80 percent of his budget is salaries and overtime. “We either lose people or we learn how to schedule them and use them more effectively,” says Lundstad, who says cutting down on overtime just by better scheduling has saved “thousands of dollars.”

Invest to save. That’s what Susana Schuler, vice president, corporate news director for Nexstar Broadcasting Group has done. The company has set up a “Producer School” in conjunction with a few journalism programs at schools near some of their 18 stations. The company pays \$7.25 per hour for interns who want to be producers. By the time this article is published, the first of those interns will move into a full-time producing slot, saving the station money in a search, in training, and in lost time or overtime while covering for a hard-to-find position.

Produce new revenue II. One of the Nexstar stations rents the use of their radar to a station which doesn’t have the equipment. The other station is far enough away not to compete, but close enough and in the right direction to be able to use it. Added revenue: \$15,000 a year for Nexstar ... along with a savings for the station renting the equipment rather than buying it.

Draft others to help I. Maria Posey, news director at KPXS in Natchez, MS, is one of only four people working at the station. “Everything we do is like penny-pinching,” says Posey. “News coverage is basically whatever they can do that doesn’t cost money.” That translates to the general manager of the station covering local meetings, and news is whatever Posey can find on the Internet.

Community outreach. That’s how Brenda Lee Huerta, news director at KGBT AM-FM and KIWW-FM describes what she does. Huerta says she spent much of the first year making contacts and getting to know everybody, and now that’s paying off. “I tell them, ‘Look, there’s something going on, and I’m going to expect you to be able to call me and give me a sound bite,’” she says. And they do. Because they cover both Texas and Mexico, Huerta says they hear from officials on both sides of the border who look to her to help connect them with the other side and pass the word to the community. “It’s basically a lot of community outreach and actually using the community to fill in all my newscasts,” says Huerta.

Little things add up. Jerry Vazquez, news director at KMID-TV in Midland, TX says every little bit helps. He says the station used to have special tape labels printed up ... although the tape operator was the only one who ever saw them. Now they use masking tape. He buys “cheap” pens for the reporters; he says they lose them anyway. “I always ask, ‘What’s the viewer benefit? Does it make a difference?’ And if it does, we do it,” says Vazquez. “If it doesn’t, we save the money for something else.”

Evaluate your deployment. Vazquez says the station used to have an overnight photographer but found the station only got about one good story a month. “We’re getting away from the crime and from, ‘if it bleeds it leads,’” says Vazquez. He rolled the position to dayside and made it a reporter to get more people on the street gathering news.

Buy used. Vazquez says that instead of buying new cars, they look for demos—one year old used cars. The last two had 11,000 and 13,000 miles on them ... had new car warranties ... and saved them \$5,000 - \$7,000 each.

Renegotiate contracts. Rob Jason, news director at WETM-TV in Elmira, NY says his assignment editor found a great digital phone deal. It gave them a lot of “free” time, and the cell phones double as pagers and two-ways—anywhere in the service area—without the time counting against their minutes. “It’s a great thing, a cool thing,” says Jason. And it’s saved them a bunch of money.

Use part-timers. Almost everyone uses part-timers, but it may be a little easier for Blaire Martin, news director at KULR-TV in Billings, MT. “Montana is one of the top states for people who hold down two or more jobs,” says Martin, who notes that the state is 49th in average income. Twenty percent of her news department are part time—especially on the weekends.

Use interns. Martin tries to have at least two in news at all times. Not only do the interns help the operation, they’re also “a resource for the future once those interns graduate,” says Martin.

Let others do the heavy lifting. WVLA-TV in Baton Rouge is one of the few NBC affiliates to do no evening news. The station does a one hour morning show and three hours of cut-ins. News director Paula Matassa says there are plans to add evening news by the end of the year, but

right now, the four-person news department makes due. That means carefully picking and choosing what to cover and how. Even for nearby events, if a bigger affiliate covers it, WVLA will pick up a feed.

Draft other to help II. Mike Calhoun is the news director at WRMF and four other stations in West Palm Beach, FL. Although he has 3 ½ newspeople, the station sounds bigger than that because they draft others in the complex to help. “What we’ve discovered is that no matter what your format is,” says Calhoun, “there are people in the building with good voices you can use. A secretary does a lot of entertainment reports. She’s gotten into it so much she now writes some of it. Three working mothers in the building help out with consumer news on the business radio network. Others voice stories. All told, Calhoun says six to eight people contribute in one way or another. Calhoun does note that because they’re not trained newspeople, the supervisory work load tends to increase.

Farm the work out. Chuck Schechner, news director at KLIF radio in Dallas, TX, says the station cut people about three years ago. Now the news is done by a blend of station employees and Metro Networks. Schechner and another station newsperson handle mornings and midday at the station. Afternoon drive and evenings are handled by Metro Networks.

Use the Internet I. Schechner has cut way back on phone information charges by using switchboard.com or other search engines on the Web. He also uses the Internet to save time and broaden the scope of story research.

Use the Internet II. Money is always tight at KIDE-FM, a community (non-commercial) radio station on the Hoopa Indian Reservation in northern California. News director Larry Frost says it’s the first and only tribe-owned radio station in the state. Frost says he saves money by shopping on the Internet—especially for equipment. He’s purchased two Sony MiniDisc recorders for 15 to 25 percent less than store or catalog prices, and Frost figures he saves 10 to 15 percent on DAT tape by buying online.

Create a slush fund. That’s what KOAA-TV news director Dan Dennison got his Colorado Springs/Pueblo station manager to go along with. It’s a stream of income that doesn’t appear on the books. Money for tape dubs, feeds, live shots, etc. all go into the “slush fund.” Dennison says that they just equipped a live truck with this year’s take. In the past, the fund covered the cost of wireless mikes for all the photographers. “Probably five to ten thousand dollars on an annual basis that is not part of the actual budget,” says Dennison.

Just do it. Bill Van Ness, news director at KGFY-FM, KVRO-FM, and KSPI AM-FM in Stillwater, OK, says you just have to do it right. He’s the whole news department, running 25 newscasts a day. He’s also operations manager, and although he starts his day at 6 a.m., if there’s an important evening meeting, Van Ness covers it. He’s been doing this for 26 years. “There’s a right way and a wrong way to do it,” says Van Ness, “you can short cut and cheapen it, but it sounds that way.”

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While most of the profitability numbers for radio and television news look a lot like last year's, there are growing indications of budget tightening in television—especially in smaller markets.

“We’ve already told our stations that we’re going to be holding the line,” says Susana Schuler, vice president, corporate news director for Nexstar Broadcasting Group, a company with 18 television stations, mostly in small and medium markets. “If [news directors] think we’re going to be growing next year, it’s not going to happen because there’s nowhere to get the dollars from.”

Schuler says that’s because national and regional advertising cutbacks have more than offset gains in local advertising. Schuler thinks tight budgets will be common in markets below the top 20.

It isn’t just a problem with ad revenue. “Look at what the network is doing,” says Schuler. “They’re eliminating comp right and left. We have five NBC stations, and in two years, our licenses are up in all those stations. The comp could go from \$2 million a year to nothing.”

In television, generally, the latest RTNDA/Ball State University Survey found that larger markets and stations with larger staffs do better than smaller markets and smaller stations. Overall, stations in larger markets tended to increase in profitability while stations in smaller markets tended to drop in profitability.

Over the last four years, the percentage of TV stations reporting budget increases has slid from 72 percent to 66 percent in the latest survey. At the same time, the percentage of stations reporting budget decreases has grown from 7 percent to 20 percent. The budget tightening is primarily in smaller markets.

The tightening isn’t limited to smaller markets according to Don Fitzpatrick, editor of *ShopTalk*. “A lot of what you’re seeing is groups cutting back,” says Fitzpatrick. “The first things that were cut were consultants. The Magids and the AR&Ds and the Broadcast Images and Don Fitzpatricks of the world are being cut out of budgets. The stations don’t want to pay top dollar for anything, and so we’re seeing a lot of stations replace veterans who are making quite a bit of money with younger folks who aren’t making a lot of money.”

Fitzpatrick also sees a shift in emphasis where stock price and profit drives everything else. “There was a time where a station wanted to be number one in their market and had the highest ratings,” says Fitzpatrick, “and now the word from up above is just be number one in sales.”

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About the Survey

The RTNDA/Ball State University Survey was conducted in the fourth quarter of 1999 among all 1,349 operating, non-satellite television stations and a random sample of 1,045 radio stations. Valid responses came from 773 television stations (57.3 percent) and 295 radio news directors and general managers representing 602 radio stations.

TV News Profitability

	1999	1998	1997	1996
Showing Profit	58%	57%	63%	62%
Breaking Even	11%	9%	11%	6%
Showing Loss	11%	11%	10%	8%
Don't Know	20%	23%	16%	24%

The profitability figures are largely unchanged from a year ago. Generally, stations in larger markets and stations with larger news departments are more likely to make a profit than smaller markets and stations.

Radio News Profitability

	1999	1998	1997	1996
Showing Profit	25%	19%	22%	23%
Breaking Even	15%	18%	14%	20%
Showing Loss	7%	6%	6%	6%
Don't Know	53%	57%	58%	51%

While the percentage of radio newsrooms reporting profitability is up, most of that could simply be a shift from Don't Know. It will take more time to see whether there's any real trend developing. Unlike TV, there's no consistent pattern between profitability and market size or even number of stations jointly owned in the same market. At the same time, keep in mind that a majority of radio news directors consistently report that they do not know whether news makes money at their station(s).

TV News Profitability

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	Showing Profit	Breaking Even	Showing Loss	Don't Know
Market Size				
1-25	67%	6%	6%	21%
26-50	75%	17%	4%	4%
51-100	61%	14%	17%	8%
101-150	57%	16%	4%	23%
151+	40%	4%	20%	36%
Full-time Staff				
51+	78%	18%	4%	0
31-50	67%	13%	10%	10%
21-30	69%	7%	5%	19%
11-20	51%	12%	12%	25%
1-10	27%	7%	23%	43%
Affiliation				
ABC	64%	16%	6%	14%
CBS	60%	10%	8%	22%
Fox	55%	10%	14%	21%
NBC	68%	8%	10%	14%
Affiliates	62%	12%	9%	17%
Independents	34%	8%	22%	36%

Compared with a year ago, generally, the bigger markets show increases in profitability, and the smaller markets show decreases in profitability. The bigger the news staff, the more likely the news at the station is profitable—and the more likely that the news director will know that. Among network affiliates, CBS and NBC stations report similar numbers from a year ago while ABC and Fox affiliates are clearly up. ABC stations may be benefitting from a strengthening of the network programming overall, and while Fox continues to have a number of news start-ups—likely to bring the profitability percentages down—more and more of the affiliates are also maturing in news and more likely to turn profitable.

TV News Budget Changes

	Increase	Same	Decrease	Don't Know
All TV News	66%	10%	20%	4%
Market Size				
1-25	72%	3%	19%	6%
26-50	69%	12%	19%	0
51-100	74%	10%	14%	2%
101-150	61%	14%	25%	0
151+	57%	11%	24%	8%
Full time staff				
51+	69%	7%	24%	0
31-50	80%	8%	10%	2%
21-30	72%	7%	19%	2%
11-20	56%	19%	23%	2%
1-10	52%	10%	30%	8%

Over the last four years, there appears to be an increasing softness in TV news budgets. Four years ago, 72 percent of stations reported budget increases compared to 66 percent this year. More striking are the stations appearing to move from “same” to “decrease.” Last year, 16 percent reported the budget as the same (compared to 10 percent this year) while 10 percent reported budget drops (compared to 20 percent this year). The drop appears to be concentrated among markets 101 and smaller. Larger markets held fairly steady. Budget changes by staff size were less consistent, but stations with smaller news staffs were more likely to see budget cuts. There was little difference between network affiliates and independents.

Percentage of TV Station Revenue Produced by News

	Average	Median	Minimum	Maximum
All TV	39%	40%	0	100%
Market Size				
1-25	36%	38.5%	10%	70%

26-50	30%	27%	15%	50%
51-100	44%	50%	0	65%
101-150	41%	41.5%	10%	60%
151+	39%	40%	0	100%
Full time staff				
51+	39%	40%	15%	70%
31-50	44%	48.25%	10%	65%
21-30	42%	40%	18%	60%
11-20	44%	37.5%	30%	70%
1-10	22%	25%	0	100%
Affiliation				
ABC	40%	40%	10%	60%
CBS	47%	46.25%	30%	70%
Fox	20%	21%	10%	30%
NBC	49%	49%	30%	65%
Affiliates	42%	42.5%	10%	70%
Independents	27%	26.5%	0	100%

The percentage of station revenue produced by news dropped slightly—for the first time since we started asking the question. The overall percentage slipped from 42 percent last year to 39 percent this year. That’s still higher than the 35 and 36 percent recorded in the two previous years. Most of the comparisons were fairly even, but there was a noticeable drop in percentage in the smaller markets.

Percentage of Radio Station Revenue Produced by News

All Radio 15%
Market Size:
Major 29%
Large 3%
Medium 9%
Small 17%
Type:

AM	23%
FM	9%
No. of Stations:	
1	27%
2	14%
3 or more	9%

Note that stations in the largest and smallest markets get more of their station revenue from news than stations in the middle. Unlike television, we do not produce a revenue range for radio since station format tends to dictate that: the range will always go to 100% because of all news radio stations.

Radio News Profitability

	Showing Profit	Breaking Even	Showing Loss	Don't Know
Market Size				
Major	33%	15%	3%	49%
Large	13%	14%	13%	60%
Medium	20%	15%	8%	57%
Small	34%	15%	5%	46%
No. of stations jointly owned in market				
1	20%	23%	11%	46%
2	24%	21%	9%	46%
3 or more	25%	12%	6%	57%

There is no consistent pattern to changes in radio profitability. The percentage of major market stations reporting a profit on news went way down (from 56 percent a year ago), but all of that could be accounted for in a surge in the Don't Know category which went from 26 percent a year ago to 49 percent in the latest survey. Small market profitability went way up (from 16 percent a year ago), but again, the corresponding change was in Don't Know, which dropped from 72 percent to 46 percent. Note that increasing the number of stations in a market has only a small effect on news profitability. Major markets were defined as those with 1 million or more listeners. Large markets are from 250,000 to 1 million. Medium markets are 50,000 to 250,000. Small markets are fewer than 50,000.

Radio News Budget Changes

	Increase	Same	Decrease	Don't Know
All Radio News	14%	60%	3%	23%
Market Size				
Major	29%	55%	3%	13%
Large	10%	73%	7%	10%
Medium	14%	58%	2%	26%
Small	9%	55%	4%	32%

After a big jump in radio news budgets reported last year, increases settled back into the more typical range of 10 to 14 percent. The number of stations reporting a budget decrease fell; the big winner was "Same," which went from 45 percent last year to 60 percent this year.

NOTE THAT THE FOLLOWING DATA WAS SENT WITH THE NEWS & STAFF ARTICLE ... USE ONLY IF YOU DON'T USE IT THERE:

Profit and Loss on TV Web Sites

	Profit	Break Even	Loss	Don't Know
All TV 1999-2000	11%	18%	25%	46%
All TV 1998-1999	6%	21%	24%	49%
Markets 1-25	10%	10%	27%	53%
Markets 26-50	9%	18%	14%	59%
Markets 51-100	12%	14%	40%	34%
Markets 101-150	11%	22%	13%	54%
Markets 151+	11%	22%	26%	41%

Network Affiliates	12%	19%	26%	43%
Independents	7%	10%	17%	66%
ABC Affiliates	5%	24%	30%	41%
CBS Affiliates	22%	21%	21%	36%
Fox Affiliates	1%	17%	22%	60%
NBC Affiliates	16%	13%	28%	43%

Overall, the percentage of profitable Web sites by market size is strikingly similar—and low. There were not major differences based on staff size or region of the country, but there were noticeable differences based on affiliation with Fox and ABC affiliates appearing to fare much more poorly than CBS and NBC affiliates. Also note how few Fox affiliate news directors knew whether their station Web site made a profit.

Profit and Loss on Radio Web Sites

	Profit	Break Even	Loss	Don't Know
All Radio	2%	20%	12%	66%
Major Market	4%	26%	8%	62%
Large Market	1%	13%	35%	51%
Medium Market	4%	15%	6%	75%
Small Market	1%	27%	5%	67%

Radio Web sites appear extremely unlikely to make a profit, and there's no meaningful variation by region of the country, number of stations in the market or whether the station is AM or FM. Note that two-thirds of radio news directors don't know whether the station Web site makes money.