

NJN's Crucial Role

Funding cuts/privatization threaten
NJ News, Public Affairs, and
Emergency Services

Communications Workers of America Local 1032, April 12, 2010

NJN Budget

- \$25 to 30 million annually in expenditures
- State provides \$10-11 million/yr in both direct appropriations (\$4 million) and indirect (\$6-7 million) for employee benefits, building, maintenance, etc.
- \$2-3 million annual structural deficit (due to previous cuts in state funding without adequate replacement funding.)

Impact of Governor's Proposal for NJN

- Elimination of \$4M annually in direct appropriation, Cut of \$ 2M in fiscal 2011
- Possible additional cut of \$6 to 7M in other state funding
- Destruction of NJN News
- Severe cut in other public affairs programming

Why a state agency?

- To maintain New Jersey character and ensure NJ broadcast news & public affairs
- Other states in our area like PA & NY have many commercial and public broadcasters & don't have or need effective state networks
- Half of the states, including Maryland, Rhode Island, and New Hampshire formed state or university operated state networks
- In NJ, non-profits did not fill the void of commercial TV coverage of NJ so the legislature established the NJ Public Broadcast Authority
- Delaware recently lost the only nightly news produced in DE provided by public station WHYD despite WHYD being licensed in DE

- No, 16 states plus PR & USVI operate public TV networks directly, some also operate public radio networks
- In other states public universities operate public broadcasting networks
- In still others, state agencies coordinate assistance and provide some programming to university & non-profit public stations
- In all, 32 states either directly operate or provide assistance to statewide public broadcast networks. In some other states, state universities provide this service.
- The 6 state networks run by non-profits are a minority. Most continue to receive state funding. Four of these networks are in small states: Conn., Hawaii, Maine and Vermont

Are State-Run Networks Unusual?

States that Operate Public Broadcasting Networks

- In our area, Maryland & Rhode Island are also state operated networks. New Hampshire is a hybrid university/non-profit network with assets control held by university.
- It's not a political or ideological issue; many of the most conservative, Republican states operate state networks like Alaska, Alabama, Georgia, Idaho, Mississippi, Oklahoma, South Carolina and South Dakota
- States that form networks do so for the same reason as NJ -- to fill a void in coverage.

Maryland Public Television

- State Agency operated
- More autonomous than NJN; MPT is able to purchase directly
- Lesser level of state funding: around 30-33% state funding of \$30-35M annual budget compared to 40% in NJ
- Rejected option to change to non-profit

NJN's Emergency Alert System Role

- * NJN is the main distribution point for all federal, state, and local emergency alert messages
- * NJN is redundantly linked to State Police
- * NJN 24/7 Master Control operation allows NJN's emergency role
- * NJN is one of six broadcast facilities nationally working on the new digital EAS system

Assets of New Jersey Public Broadcast Authority

- * Include 4 TV licenses in major markets plus radio, Educational Broadband Services, and microwave licenses
- * Value of TV licenses is difficult to calculate precisely, but upwards of \$200M is a conservative estimate
- * There is a history of sales of public radio stations and some public TV stations including sale of WNYC (FM) by NYC to a non-profit for \$20M in late '90s, a Dallas public radio station sold for \$18M in '09, a DC public radio station for \$13M in '97, \$32M for a Orange Co (CA) public radio station in '03, and WQED had an agreement of sale for \$35M for a second public TV channel in the late '90s.
- * Value of NJN Trenton building and NJN owned towers is substantial

Value of NJN Assets - Breakdown

Market Value of Radio Licenses --	\$9M
Value of currently leased EBS channels (Clear) - (20-30 year lease agreement)	\$30M
Potential Value of EBS channels not leased -	\$6M
Historic Value of studio, towers & other equipment - (NJPBA Combining Financial Statements 6/30/09 - depreciated value of \$5.7 M)	\$38.4M
Warren (channel 58) 6 acre property	\$4M
Tower Rental (\$1M/year for 30 years)	\$30M
Four UHF Channels in NYC & Philly Markets	\$200M

Asset Giveaway Under NJN Privatization

- All plans for the privatization of NJN have included the people of New Jersey giving NJN assets to the private, corporate board (community licensee) for free
- In other states, non-profit groups have purchased public stations (especially radio) prior to taking over operations

Hard Times for Public Broadcasters

- * Public Broadcasters throughout the country have been hit with drops in funding from members, corporate underwriters, and states

- * Layoffs, furloughs and cuts in local programming are common

- * WNET -- over 25% cut of staff and budget, furloughs for remaining staff, falls in underwriting and donor funding, and an audit revealing a \$1 million discrepancy triggering a Justice Department investigation.

WHYY - layoff of 33 staff, end of the only nightly news program in Delaware, and a week long furlough for staff. All while Executive Director Bill Marrazzo continues to get three quarters of a million dollars a year.

Times Tough for Local Commercial TV News

- * "Almost all the indicators for local TV are pointing down." *Pew Project for Excellence in Journalism*
- * 22% decrease in ad revenue in 2009
- * 450 news jobs lost in 2009 after 1200 lost in 2008
- * Local news losing audience at an accelerating pace
- * Expanding web presence but little indication that web revenue can replace on-air advertising revenue
- * Even less chance of commercial stations increasing or even maintaining NJ coverage

Newspapers in Decline Nationally

- * Advertising revenues down by 43% in two years (*Pew Project for Excellence in Journalism*)
- * Newsroom staff shrunk by 15,000 full time reporters and editors or 27% in three years
- * Less space for news reporting.
- * PEW - Pronounced drop in time consuming investigative reporting and local accountability reporting.
- * Online revenue not able to replace loss print advertising revenue

NJ News Media Hit Hard

- * Lack of adequate commercial TV news coverage makes NJ residents especially dependent on newspaper reporting
- * NY Times closes Trenton bureau, other statehouse bureaus downsized or merged (Star-Ledger/Record)
- * October 2008 - Star-Ledger downsizes newsroom staff by almost 50%, similar cuts in reporting staff at other NJ newspapers
- * Falling ad revenues and readership threaten NJ newspapers viability

Need for Public Journalism in NJ

- Journalism in NJ & nationally faces a crisis as newspapers that have traditionally funded journalism lose their advertising base (See Less News is Bad News, NJPP)
- In NJ, Statehouse coverage has been devastated in the last 2 years
- Losing NJN News would be a great blow
- Need for journalism in NJ is great
- No broadcast news due to location between NYC & Philadelphia
- Plethora of jurisdictions creates a greater need for news on civic affairs

NJN News: Unique in Public Broadcast

- NJ is one of two state broadcast networks providing significant nightly TV news reporting. OK is the other
- WOR, whose license is formally located in NJ was found to run an NJ story every other night
- No other news program comes close to statewide coverage
- Information provided by NJN News is key to citizen involvement and democratic participation
- NJ residents already lag residents of other states in knowledge of local/state affairs
- Nightly news and other NJ programming is more expensive than replaying PBS programs
- New Jersey content is the reason for NJN's existence

Possible Sources of Support for NJN

- Cable/Satellite fees for emergency services & retransmission
- \$.10/mon = \$1.20/yr which raises \$3.5M/yr
- \$.30/mon raises 10.5M/yr (replace current state funding)
- \$.40/mon raises \$14M/yr (replace current state funding/alleviate structural deficit/provide needed capital funds)
- Funds to be used to support NJ news coverage, NJ public affairs and NJ emergency broadcast system

Need for a new form under state to solve current problems

- Hiring
- Procurement
- Acceptance of gifts (nobody wants to fix the state's roof but they will fix Rutger's)

NJ Public Broadcasting Corporation

- NEW POWERS

- Procurement – ability purchase, lease, sell & expend funds directly
- Hiring – without approval of Governor's office
- Ability to accept grants, gifts
- Separate labor relations
- EDA as model (without ability to borrow)
- No veto of minutes

- CHECKS

- Annual audit – auditor hired by Treasurer or State Auditor
- Audit Committee of Board with experience requirements
- Limit on top salaries (no higher than Governor?)
- Employee/union board members with voting rights except for personnel
- Other transparency measures (posting budgets, etc)
- Strong code of ethics with training for board & staff

New Structure of Board

- End “ex-officio” members except Treasurer
- Business representative(s)
- Labor representatives(s)
- Employee/union rep
- Diverse community members
- Audit committee with appropriate experience

Estimated Value of NJN Assets

- * UHF and EBS TV Licenses in NYC & Philly markets are by far the most valuable assets
- * Total value of over \$200M for licenses, property and capital assets

