

Preserving Pacifica's Future

Sustaining the Network
The Two Year Window

OUR CHALLENGES

- ◆ SHRINKING REVENUE-RISING EXPENSES
- ◆ LONG STANDING NEEDS
 - Archives
 - Affiliates
 - Stations
 - Staffing
 - Fund Raising
 - Technology Needs-Research-Equipment
 - Infrastructure
 - National Office
 - Capital and Building Needs
 - Narrow funding base DN 25% of revenue

But how to get those needs met in the FY08 Budget?

PACIFICA'S CURRENT FINANCES ARE FRAGILE

The Struggle For An Affordable Budget in FY08 Or "Its Back To the Bad Old Days"

- Station revenues are shrinking-We are depleting savings
- No station yet has budgeted even 1/2/ month revenues
- Over 500k in unbudgeted expenses not yet in budgets
 - ◆ Legal 350-to 500k
 - ◆ Salaries and consultant expenses in NO might go up.
 - ◆ Board budgets not affordable- up 98 percent since 2004
 - need to reduce meeting expenses by 48k
 - ◆ ADA expenses- unknown-but not currently budgeted at all
 - ◆ New type of expenses—programming- 60k
 - ◆ 135K PRA-Delegate taking it to LSB

SAVINGS COUNTDOWN

- ◆ Several stations spending savings in both FY07 and FY08

	FY07	FY08
KPFA	200K	74K
KPFK		100K
KPFT		85K
WPFW		73K
		332K

CONCLUSION:

THESE PRELIMINARY BUDGETS ARE IN BAD SHAPE
AND NEED MUCH MORE WORK

MOST LSB'S HAVE NOT SEEN THESE BUDGETS

What Does This Mean?

- ◆ We have layoffs in these budgets so far—242k
- ◆ Even with a flat expense budgets stations have to use savings to balance the budgets
- ◆ No station with even one month operating surplus
- ◆ Despite all of these efforts we need to do more

The Outlook for Next Fiscal

Given these budget facts:

- The Network is in serious financial difficulty.
- With a bad drive or two we will have a crash in December 2007
- By December:
 - ◆ One station will not be able to meet payroll
 - ◆ Two units will be spending the last of their savings
 - ◆ Two stations and the NO will dealing with layoffs
 - ◆ All stations will be asked to pitch in to pay payrolls and to help sister stations with expenses

WHAT IS TO BE DONE?

MINIMUM EFFORT REQUIRED

- 1-HOLD EXPENSES TO FY07 LEVELS
- 2-NO NEW STAFFING COSTS
- 3-MAINTAIN THE ONE MONTH RULE
- 4-CONTINGENCY FUND AGAINST A BAD DRIVE
- 5-REVENUE INITIATIVES IN A SPECIAL BOARD MEETING
- 6-RECOMBINING RESOURCES
- 7- 8- DIFFERENT NEWS CASTS
DEMOCRACY NOW, FSRN, LOCAL, NO
I WILL MAKE SOME PROPOSALS IN THIS REGARD
- 8- REDUCE BOARD BUDGETED EXPENSES
- 9- STAKEHOLDER COLLABORATIONS- REGIONAL-NATIONAL
THE FREESTANDING RADIO STATION IS LESS AND LESS VIABLE

SOME BRIGHT SPOTS

- ◆ BBC POSSIBILITY- REVENUE POSSIBLE
- ◆ YEARLY FUND-RAISING EVENTS DEC 15TH EVENT
- ◆ ON AIR PITCHING SPECIALS
- ◆ E-COMMERCE
- ◆ NEW NATIONAL PROGRAMMING WITH REVENUE-
- ◆ ELECTION YEAR BUMP 2007-2008
- ◆ BUT, BUT, BUT, THESE ARE NOT SURE, AND THEY ARE NOT ENOUGH==

RECOMMENDATIONS

- ◆ ALL BUDGETS FOR FY08 MUST BE BALANCED
ALL BUDGETS MUST PRESENT WITH ONE MONTH OPERATING SURPLUS--PER THE CURRENT BOARD MANDATE
- ◆ NO NEW STAFFING COSTS-DISCRETIONARY SALARY EXPENSES MUST NOT INCREASE AND MUST MATCH TO FY07 FORECAST LEVELS
- ◆ ALL BUDGETS MUST CONTAIN A CONTINGENCY FUND AGAINST BAD DRIVES AND LEGAL EXPENSES
- ◆ FUND ONLY REVENUE-SURE PROJECTS

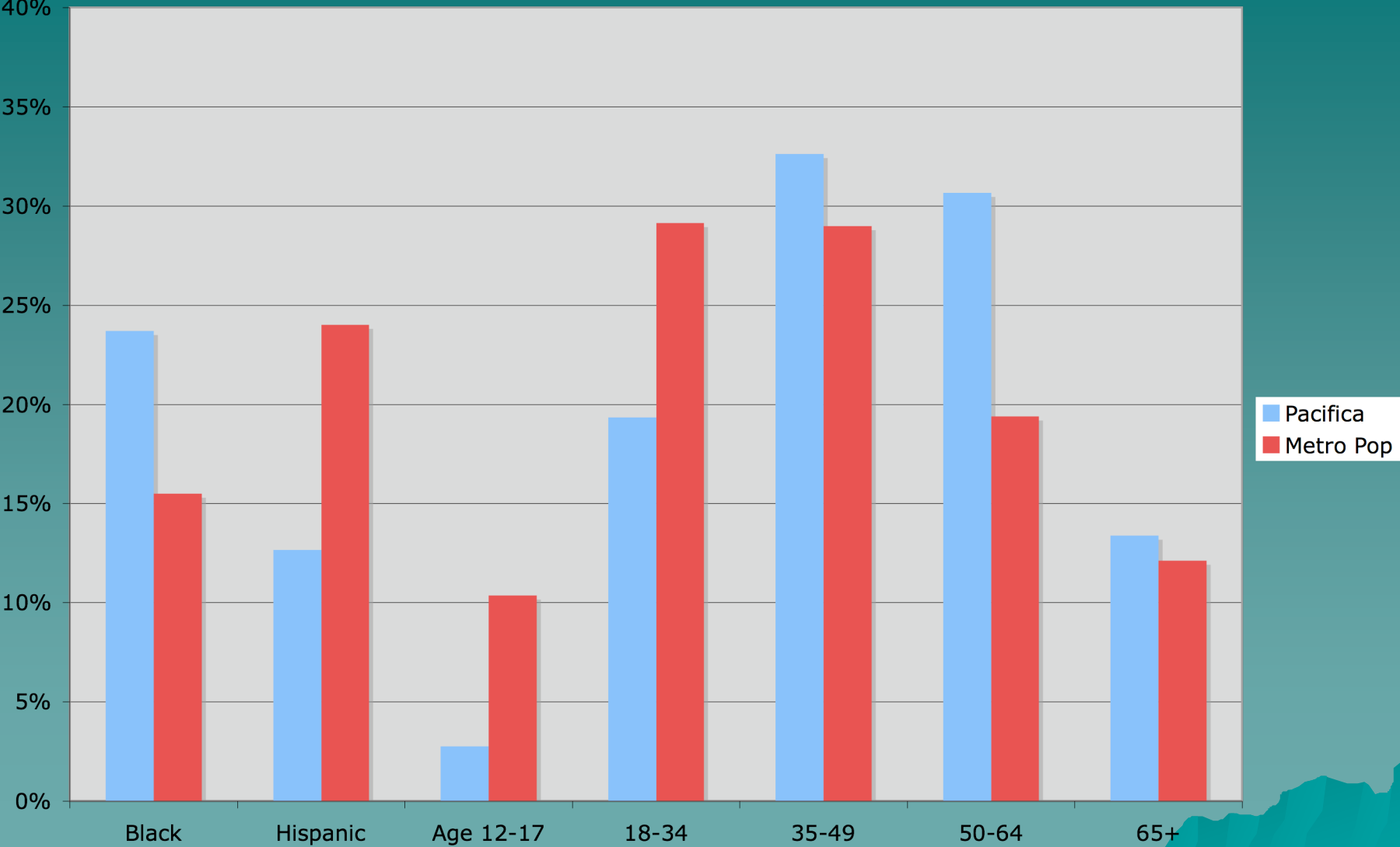
◆ end

FINANCE MYTHS

- ◆ CENTRAL SERVICES PAYS FOR EXPENSES—IT DOES NOT
- ◆ CENTRAL SERVICE RATE IS FIXED
- ◆ CENTRAL SERVICE RATE IS 19.5%
 - IS ACTUALLY 13% (OF TOTAL REVENUE STATIONS- WE ARE THE BANKERS TO THE NETWORK-WE PAY ALL BILLS AND THEN WAIT THREE MONTHS TO GET REFUNDED FROM THE STATIONS)

Ethnicity and Age of Pacifica Radio Audience

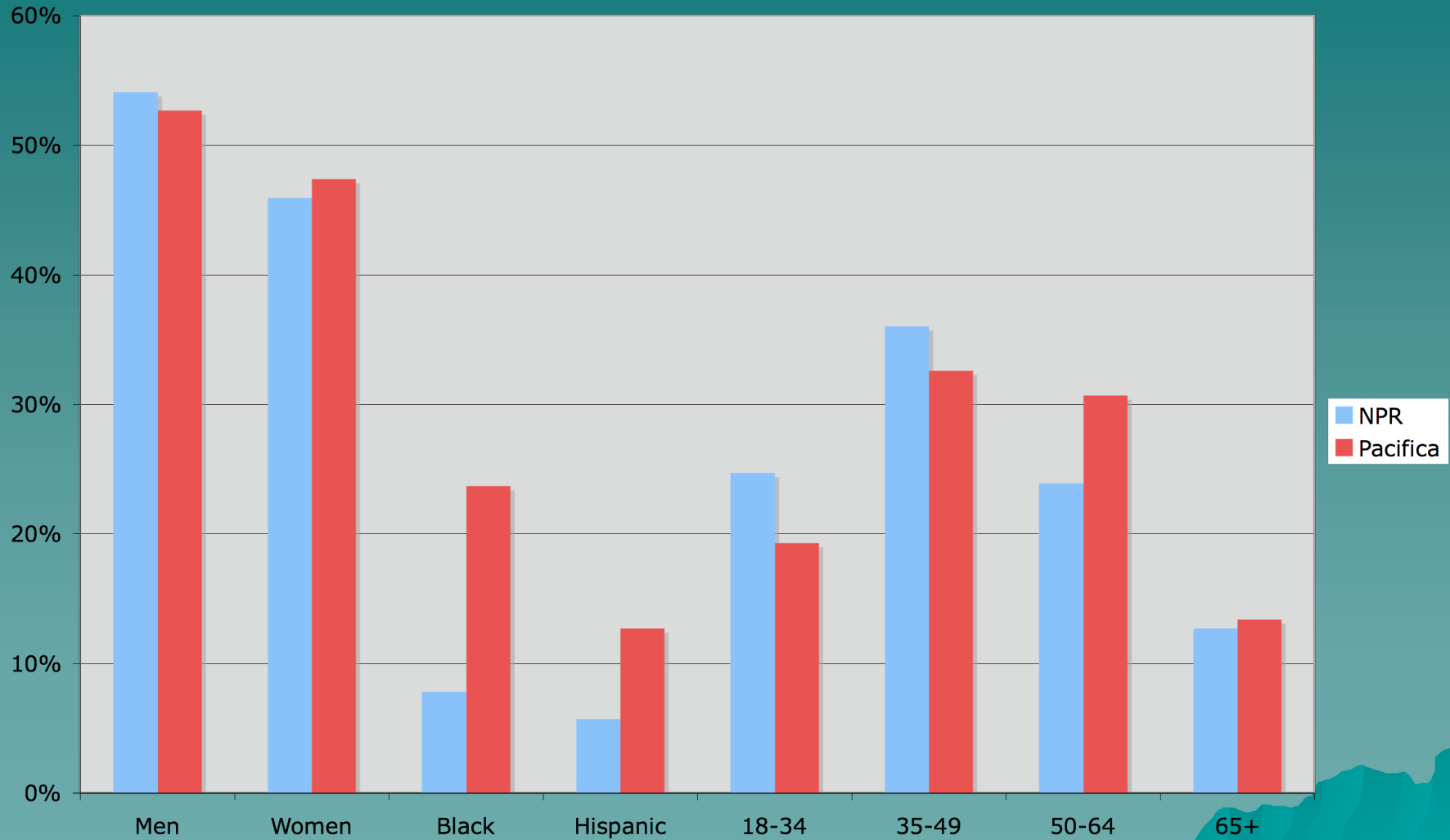
Pacifica vs. Metro Areas Served



Data are Copyright Arbitron, Inc. Audience Estimates among Metro persons 12+. Data is four survey average of Fall 03, Winter 04, Spring 04, and Summer 04. Source: RRC, Inc.

NPR Audience vs. Pacifica Audience

Gender, Ethnicity and Age



Source: NPR's Profile 2004 and Pacifica Foundation Arbitron Data, Copyright Arbitron, Inc. Source: RRC, Inc.

MEMBERSHIP

FUTURE OPTIONS

- **LOCAL MEMBERSHIP- LOCAL BROADCASTING- LOCAL TIES**
 - ◆ NEED FOR A LARGER LOCAL FOOTPRINT AND OUTREACH PROGRAM
 - ◆ NEED FOR A YOUTH AND WEB STRATEGY
- **MOVING TOWARD INCREASING NATIONAL SUPPORT**
 - ◆ NEED FOR CONCEPTUALIZING A NATIONAL SUPPORT NETWORK—CONSISTING OF MEMBERS OF PROGRESSIVE ORGANIZATIONS
 - ◆ OVER 20 MILLION EXIST IN THE US
 - THERE IS A DEMAND FOR NATIONAL NEWS AND INFORMATION
- **MOVING TOWARD REGIONAL SUPPORT**
 - ◆ RE-CONCEPTUALIZING EACH STATION AS A REGIONAL BROADCASTER
 - ◆ INCREASE COLLABORATIONS WITH AFFILIATES
 - AFFILIATE DRIVEN CONTENT
 - AFFILIATE WEB BASED SHOWS
 - AFFILIATE SHOWS ON SOME OF OUR STATIONS
 - AFFILIATE AND PACIFICA JOINT FUND-RAISING
 - ◆ INCREASE COLLABORATIONS WITH FSRN
- **GRASS ROOTS MEDIA ORGANIZATIONAL SUPPORTS**
- **WEB AND INTERACTIVE STRATEGIES**

DEMOGRAPHICS

CURRENT TRENDS

- PACIFICA'S AGING MEMBERSHIP : AVG. AGE 52
-87,000 BALLOTS SENT OUT DOWN FROM 100K
LISTENERS OF A FEW YEARS AGO
- UNDER-REPRESENTATION OF MINORITIES -YOUTH
- THE DIGITAL REVOLUTION-WE NEED TO BE THERE
- PLATFORM PROLIFERATION-WE NEED TO BE THERE