

Pacifica National Board

Finance Committee Meeting – October 15, 2004

NON-MINUTES

A PNB Finance Committee meeting by teleconference scheduled for October 15, 2004 was postponed to October 29, 2004 due to a quorum failure.

Terry Goodman
PNB Finance Committee Secretary
December 2, 2007

Date: October 15, 2004, 3:20 pm
From: Mark Roberts
To: PNB Finance Committee
Subj: NEW MEETING DATE ON 10/29--AGENDA

Due to a lack of quorum, our meeting has been postponed until 10/29 at 12:30 PM Pacific time (Perhaps we need to consider meeting at 5 PM PT to help attendance. Treasurers from KPFK and WPFW, routinely absent, also need to let us know what we can do to facilitate their participation. We need you, and your stations deserve your input).

Here is the proposed Agenda for that meeting:

- 1) Greetings/Review/Approve 9/24 minutes
- 2) CFO Reports
 - Preliminary September numbers
 - Preliminary Year-end Analysis/Fiscal Trends/Comments
 - FY '05 Updates (special attention on Board Governance and Election projections)
 - Brief Audit update (including projected costs)
- 3) Policy discussion on unbudgeted/overbudgeted expense procedures in FY '05
- 4) WBAI one-week actuals/projections
- 5) Preliminary discussion on Memys data incorporation into FY '05 reporting
- 6) Direction of policy on inter-station transfers
- 7) New Business

8) Adjourn

Mark

P.S. In preparation for this meeting, we either have already received or will receive the following by 10/27:

-Updated FY '05 numbers, including WBAI passed at PNB meeting (does not include the adjusted numbers from stations revising budgets to comply with one-month operating cash reserve. Those numbers are due to NO on 11/5);

-Preliminary September financials;

-WBAI pledge data from 10/20-10/27;

-Financial trend data for Foundation.

Draft Motion from Spooner:

Resolved that:

Monthly financial reports to the finance committee shall include the total amounts pledged, total pledges paid, and the fulfillment rate, as well as the number of days for each fund drive, for each station for the previous 15 months.

(This data is an easy to print report from the MEMSYS system at each station & will allow us to track trends and problems and compare the current quarter with the same quarter in the previous year.)

Draft Amendment from Surovell:

I would also like to see the following data added to the monthly reports:

- (1) The number of active members at each station at the end of each month;
- (2) The number of newly added active members who joined during the reporting month.

**REPORT TO THE PACIFICA NATIONAL FINANCE COMMITTEE
ON THE WBAI BUDGET PROCESS**

LSB RESOLUTION OF 9-21-04

A) On September 21, 2004, the WBAI LSB PASSED the following resolution by a vote of 9-8-3

Motion for 2005 WBAI Budget:

The LSB requests that WBAI Management provide a budget based on the following income projections:

- 1). For listener support: \$2,170,000.00 based on 70 days of on air fundraising at \$31,000.00 net donations daily.
- 2). All other income lines except CPB grants should be based on fiscal '04 projected actuals as received by Treasurer, Paul Surovell.
- 3). CPB Grant income should be based on figures provided by CFO Lonnie Hicks.

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- B) An amendment to change paragraph #1 in the motion to "For listener support: \$2,800 based on 70 days of on air fundraising at \$40,000.00 net donations daily." FAILED by a vote of 10-9-1.
 - C) Finally, an amendment to the motion to change paragraph #1 to "For listener support: \$2,500,000 based on 75 days of on air fundraising at \$33,333.00 net donations daily." PASSED by a vote of 16-1.
 - D) An attempt to delete paragraph #2 and thereby retain management's proposed increases of about \$180,000 in off-air fund-raising FAILED.

REPORT BY INDRA HARDAT ON NUMBER OF FUND DRIVES PER YEAR

Indra Hardat presented the LSB with a statistical report on the fundrides of FYR01, FYR02, FYR03 and FYR04.

Her report for the first time gave a factual perspective on the problem of excessive fundraising days at WBAI, which is the main rationale behind the proposal for budget cuts at WBAI.

Indra's report shows that in FYR04 there were 85 actual days of fund-raising, of which 3 occurred during an experimental live-music "Radiothon" which involved no premiums and which raised only about \$11,000 per day. It could be argued that the actual number of days of real fund-raising was 82.

This compares with the number of fundraising days in the prior three years of:

FYR03 -- 70 days / FYR02 -- 72 days / FYR01 -- 70.days.

So while 82 (or 85) days appears to be a record it does not constitute a radical departure from the experience of the previous 3 years.

The additional days of actual fundraising in FYR04 compared with the prior 3 fiscal years was from 10 to 15 days more for the entire years, depending on how you count the Radiothon. That averages to an addition of from 2.5 to just under 4 days for each fund drive.

REACTION OF STAFF TO LSB RESOLUTION

On September 22, 2004, at a scheduled WBAI Staff meeting, the following resolution passed by 22-2:

"The WBAI staff (paid and unpaid) demands that the Pacifica National Board reject the drastic budget cuts recommended yesterday by the WBAI Local Station Board, which will lead to serious layoffs and across-the-board pay cuts. These cuts will jeopardize the functioning of the station. We call on the PNB to support the original joint budget proposed by management and the LSB Treasurer. Furthermore, the WBAI budget should include line items for major direct fundraising by both the LSB and the PNB."

WBAI GM RESPONSE

WBAI GM Don Rojas has said he cannot present a budget with cuts of \$460,000 as requested by the LSB resolution. Here, in his words some of his reasons:

- 1) Cuts in personnel and pay across the board now will have a devastating impact on staff morale on the eve of the critical Fall fund-drive.
 - 2) The budget we presented to the LSB is a bare-bones budget. It does not contain several critical full-time job positions and other necessities that are currently required for the efficient technical functioning of the station e.g a chief engineer, an IT person, a back-up transmitter, new connectivity lines from the station to the transmitter at the Empire State building, new equipment for the master control studio. Also, the budget does not contain moving costs should we find a more affordable location for the station in FY05.
 - 3) The budget had already reduced the amount provided for LSB fundraising from \$100,000 to \$50,000.
 - 4) The two staff unions are willing to work with management (as they did back in December) going the extra mile to meet the budget goals -- but they will not cooperate if we move forward with cuts totaling 460K. AFTRA has said the union is prepared to take a very hard line position against any budget cuts.
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RECOMMENDATIONS AND COMMENT BY THE WBAI TREASURER

I would like to offer the Pacifica National Finance Committee several recommendations based on the following circumstances:

- The WBAI Local Station Board has not approved a station budget as required under the Pacifica Bylaws.
- WBAI LSB and WBAI management have failed to agree upon a budget by September 21, 2004, as urged by the resolution of the Pacifica National Finance Committee of September 10, 2004.
- Under the Committee's resolution, the Pacifica National Board is required to adopt a budget for WBAI.
- The WBAI GM has outlined reasons why he will not provide a budget with cuts of \$460,000 at this time.
- The AFTRA union has indicated it will take a hard line against any budget cuts at this time.

RECOMMENDATIONS SUPPORTED BY 11 LSB MEMBERS AS OF 9-24-04 (ADDITIONAL MEMBERS ARE BEING CONTACTED)

- (1) We call upon the Pacifica National Board to adopt a budget for WBAI and we specifically urge the PNB to adopt the budget proposed by the WBAI General Manager, the Business Manager and the WBAI LSB Treasurer on September 9, 2004.
- (2) We also ask the Pacifica National Board to endorse a process involving the WBAI LSB and WBAI management and the Pacifica Executive Director and CFO to find ways to improve WBAI's fund-raising performance.

COMMENT ON THE "MARGIN" OF THE VOTE ON THE LSB MOTION

When considering the 16-1 vote on the budget resolution, the PNB should be aware of the following:

- The first vote on the motion (9-8-3) reflects a 1-vote-difference between 8 LSB members who supported the Management/Treasurer budget proposal and those LSB members seeking budget cuts.
- On September 9, 2004, when the Management/Treasurer budget was first introduced, the margin of rejection was also 1 vote.
- In the final 16-1 vote, the 8 members opposing budget cuts who voted for this amendment

(including myself), were not voting to approve the substance of the motion, but were voting defensively to protect the station from even more draconian budget cuts of \$760,000 that had already passed 9-8-3 in the original motion. The amendment passed lowered the cuts to \$459,496.

Respectfully submitted,

Paul Surovell
Treasurer WBAI LSB