Budget Cuts & Overhead Increases

Your station is a microcosm of your licensee. The licensee receives funding from tuition, taxes (if not private), grants, contributions, contracts, etc. Your station receives funding from these same sources, except for tuition. Therefore, both institutions face the same challenges.

Avoid Being the Target

If your operation depends upon licensee subsidies, be prepared for a reduction. If there is a 10% licensee-wide reduction, make certain that your station is not tapped for more than the average because “you can raise money”. It is critical you articulate the reasons the support is important. Every other department, school, and unit on campus will be doing the same. You can’t expect special treatment but insist on fairness.

Be a Team Player

The best you can hope for is that your reduction will be the “average” of the licensee-wide reductions. If your unit does not take a hit, that means another unit will be hit harder and the reverse is true as well. Also, whether your station receives a subsidy or not, administrative overhead charges may appear for previously free services and/or the overhead charges may increase. Again, fairness is the bottom line.

Never Joke

These are serious times and jesting about laying someone off is not funny. Reassure staff that the integrity of the station is the primary focus. Some things will have to be trimmed but the protection of your primary mission and service should be the focus of your attention. Do not make extreme statements like “if our subsidy is cut, we will fail.” Instead, focus on the challenge at hand and work for solutions that keep your services going while meeting the tight budget restraint.

Helpful Resources

By comparing other stations’ overhead charges, one station manager successfully convinced the licensee to reduce charges from 16% to 10%. The CPB-funded Quantitative Worth Worksheet from the USA Cost of Doing Business Project is helpful in demonstrating the monetary value of public service and public relations the licensee receives in return for its investment in your station. By the way, using the word “subsidy” with your licensee is a bad idea. Instead, refer to their assistance as an investment returned multiple-folds as demonstrated by the Quantitative Worth Worksheet. The worksheet is on the USA website at www.us-alliance.org