

Public Hearing

before

LEGISLATIVE TASK FORCE ON PUBLIC BROADCASTING

"Workforce and labor issues at New Jersey Network"

LOCATION: The Richard Stockton College
of New Jersey
Pomona, New Jersey

DATE: September 16, 2010
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Nia H. Gill, Chair
Assemblyman Louis D. Greenwald, Vice Chair
Senator Jeff van Drew
Assemblyman Alex DeCroce



ALSO PRESENT:

Kevin J. Donahue
Charles A. Buono Jr.
Office of Legislative Services
Task Force Aides

Sarah Lechner
Senate Majority
Keith White
Assembly Majority
Task Force Aides

Christine Shipley
Senate Republican
Colin Newman
Assembly Republican
Task Force Aides

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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SENATOR NIA H. GILL (Chair): Good morning and thank you. The Task Force will now come to order.

Since we are in South Jersey and the South Jersey legislators have extended their hospitality for this hearing, we will let Senator Van Drew do an opening statement; and then, of course, we will hear from the President of this wonderful College.

Thank you.

SENATOR VAN DREW: Thank you, Chair, and thank you for agreeing to have this hearing in South Jersey.

You know, we obviously are one State; and while we may have some minor differences from time to time, we are unified in trying to move this State forward through some of the greatest challenges in our history. And, of course, one of those challenges is NJN: how to ensure that we keep our focus on the State of New Jersey, that we have a New Jersey-centric media that ensures that we get our message out about this State -- from Sussex County to Cape May County throughout the State and, truly, throughout the nation. And I appreciate, so much, the Chair having this here today, and also the hospitality of our fine President of Stockton College, who I have known through many projects and many challenges that we've had through the years. And he is forward-thinking, he's on the cutting edge. For any of you who are not from the area, if you get a chance just to walk around the campus I think you will see one of the most beautiful environmentally friendly campuses in the entire State of New Jersey, and in the United States of America.

So Mr. President, the floor is yours.

HERMAN J. SAATKAMP Jr., Ph.D.: Thank you, Senator. And I really appreciate your coming and being here.

Welcome to Stockton College. We're the largest campus in New Jersey -- about 2,000 acres; the only campus in a National Reserve. Highly competitive, highly selective: about 5,000 students apply for 870 positions in our freshman class.

So we want to welcome you.

I share the concerns that you are facing and dealing with NJN. Obviously, higher education in New Jersey -- there's been a decline of support this year alone at Stockton. State appropriations account for 13.5 percent of our overall budget -- one-three-point-five percent.

Focusing on NJN, I think in New Jersey, is an interesting feature, particularly in a state that does not have its own media market. We rely on the surrounding states for that. I was trying to remember this morning a quote from T.S. Eliot, famous American poet, who asked two questions in a poem: He said, "Where's the wisdom we have lost in knowledge? Where's the knowledge we have lost in information?"

You and I live in an information age. One of the greatest problems we have in this day is how you take that information and turn it into knowledge, meaning something meaningful that we can understand, and then how you turn it into wisdom.

I grew up with public television and radio. So did many other people. Our lives were changed and shaped by that. And for New Jersey, I think this is a very important consideration that this Committee is looking at.

Should you want a tour of our campus -- not all 2,000 acres -- we'll be happy to arrange that following the hearing so you can see some of the campus. And if you're not able, if you simply drive out towards Jimmie Leeds Road you'll see some of the construction projects. We graduate 25 percent of all science and math majors among the State colleges, and so we have some buildings going up and our next major building is a unified science center.

Thank you so much for being here; very much appreciate it.

SENATOR GILL: Thank you, sir.

First witness, please.

I have to be guided by the Secretary. Would you like to do a roll call?

MR. DONAHUE: Yes, do a roll call.

Assembly Minority Leader Alex DeCroce?

ASSEMBLYMAN DECROCE: Yes.

MR. DONIHUE: Senator Jeff Van Drew.

SENATOR VAN DREW: I'm here.

MR. DONAHUE: Madam Chair Senator Nia Gill.

SENATOR GILL: Here.

SENATOR GILL: It's my understanding that Assemblyman Giblin and some others in the Assembly won't be able to attend because they do have Committee meetings. So I don't want the lack of their attendance -- to think that there's a lack of interest and a lack of support for listening to the concerns of the Task Force.

MR. DONAHUE: The Task Force calls as its first witness Mr. Patrick Kavanagh, President of CWA Local 1032.

PATRICK KAVANAGH: Good morning, members of the Task Force. Thank you for giving me the opportunity to say a little bit today about your theme for the day, for today's hearing, which is the workforce and some of the labor issues. And I'm going to talk a little bit about that and give you a little bit of background about who our members are who work at NJN, what they do, and some of the other challenges that I think we're facing as we move forward with your deliberations. And hopefully I can answer some of the questions that you have about that. And there's certainly plenty of people here who will be able to add to what I say, if it's necessary.

So my name is Patrick Kavanagh. I'm President of Communications Workers of America Local 1032. We represent, statewide, about 5,500 public employees. In addition to those who we represent at the Public Broadcast Authority, we represent employees at the Department of Transportation and the Office of Information Technology. And we also hold about 36 collective bargaining agreements with towns and municipalities throughout the state, including Egg Harbor and Ocean City down this way.

So we are a big Local, we are a diverse Local, and we currently represent about 95 employees of the New Jersey Public Broadcast Authority. We also believe that a statute enacted earlier this year gives us the right and the responsibility to represent another five employees. Certainly those five employees are anxious to become CWA represented.

Overall there are a total of 129 employees of the New Jersey Public Broadcast Authority, which is actually down from about 218 twenty years ago. We also believe that there's another 19 employees at the

Foundation for New Jersey Public Broadcasting. The International Foundation of Professional and Technical Engineers Local 195 represents another 15 PBA employees. So it's pretty clear that the big majority of NJN employees are union represented, currently.

The statutes establishing NJN makes all employees, with the exception of a few clerical employees, unclassified. While unclassified employees are covered by a few aspects of Civil Service regulation, such as classification procedures, most PBA employees are not covered by Civil Service testing, disciplinary, appointment, and layoff procedures.

In the case of discipline and layoff, the union has negotiated contractually binding procedures with the State for all unclassified employees, including those employed by the PBA; and those are in our current, existing collective bargaining agreement.

Local 1032 represents a broad group of PBA employees, including editors, master control personnel, camera people, information technology workers, equipment repairers, writers, producers, clerical employees, directors, and on-air employees working in radio, TV, and new media aspects of NJN. Attached to my testimony which you have is a list of all the CWA-represented titles in use today at the NJPBA. I must tell you that the job specifications for these titles are at least 30 years old, which may or may not surprise you depending on your experience with State government. So it makes them ancient in what is clearly a dynamic industry like broadcast and media. The names of the titles do not reflect very well the technology that is used or the duties that are performed by our members today.

CWA-represented staff are distributed throughout the four major bargaining units that CWA has in the Executive Branch: so we have administrative/clerical employees, professional employees--

SENATOR GILL: Excuse me, sir, I don't mean to interrupt.

I want to concentrate not on CWA in its totality. I want to concentrate on the workers in this instance. So just to let you know. Keep going, but--

MR. KAVANAGH: Well, I think what I'm trying to do is give you a sense of who we represent -- the workers who we represent -- and where they fall within the, kind of, organization. I'm not--

SENATOR GILL: Okay, we won't have a debate about it. That's just simply-- We want to focus it on these workers, but you can continue.

MR. KAVANAGH: I'll just briefly tell you the structure of the State, so you understand that there are four bargaining units: administrative/clerical, professional, and there are two supervisory bargaining units. And the employees who work at NJN are actually scattered throughout all four of those bargaining units, as are all other employees who are represented in the State.

Several of the titles that are currently in use by our employees are supervisory, but are technically not supervisory in the sense of being supervisors on an ongoing basis. Rather, they assign work relating to particular projects. There are very few middle management positions to eliminate. There remain a number of unrepresented managers, particularly in the Foundation, which historically has been a haven for highly paid managers.

At the level of day-to-day operations at the PBA, I would say that labor relations are very good. Most disagreements concerning working conditions are resolved through discussion. Formal, written grievances are rare. And no dispute from the PBA has ever been appealed to arbitration. Disciplinary action is also rare at the PBA, with two such actions -- one of which was a written reprimand -- in the last 15 years.

The good labor relations climate at the PBA is due to two factors: a management that is open to resolution of disputes, and a work force that is incredibly conscientious and flexible. The first priority of the staff at NJN is always to get the job done. They work rolling or flexible schedules that are characteristic of the broadcast industry, and are not similar to other State employees. Most staff have years of service at NJN, and have learned many new skills during their tenure to adapt to changing technology and organization of work -- part of what I referenced earlier when I talked about being a dynamic industry.

With the continuous reduction of staff for many years, many staff members perform two or three distinct functions. Additionally, many work part time in the commercial broadcast and production industries where they've gained additional advanced skills.

Broadcasting-- And this is meant to give you a little bit of an overview of the industry so you can understand our workforce. If it's not something that you want to hear more about, I can cut this short as well.

Broadcasting, particularly in the New York and Philadelphia markets, is a highly unionized industry. Employees at most local stations and national networks in this area are represented by unions. Major unions include CWA/NABET, the National Association of Broadcast Employees

and Technicians, the International Brotherhood of Electrical Workers, and the American Federation of Television and Radio Artists. In particular, CWA/NABET represents workers at ABC, NBC, ESPN, Fox, and CNN; and they frequently bargain for its members concerning the introduction of technology, and also provide training for its members in new technology.

CWA 1032 -- I just want to state very clearly -- is thoroughly prepared to bargain for our members with a more independent NJN. We have considerable organizational resources to bargain a broadcast/media industry collective bargaining agreement, and we are prepared to do so.

Prior to Governor Christie's proposal to privatize NJN and end State funding on January 1, 2011, there were three other proposals to change NJN to a community licensee: one in 1992, one in 1998, and one just two years ago, in 2008. This is a record of privatization attempts that has not been approached by any other state and has had a long-term negative impact on NJN operations and fundraising. It appears that the Foundation's fundraising ability has deteriorated from a total revenue of around \$9 million a year -- what Doug Eakeley testified to on Tuesday -- which is only slightly more than \$6 million in the most recent year. The failure of the Foundation to launch effective major gift and capital campaigns; the statements of some Foundation board members that they could not, in good conscience, ask for donations to NJN prior to privatization; and the consideration of the Foundation Board of putting funds into escrow for a new nonprofit operator of NJN, rather than transferring the funds to the PBA, indicates a pattern of the Foundation scaling down its operations prior to privatization.

In 1992, a proposal was made to have WNET take over NJN. That proposal was rejected for the reason that many of you articulated on Tuesday -- that ultimately it would mean the end of New Jersey-centric programming.

In 1998, a proposal was made by the Whitman Administration to convert the PBA to a nonprofit community licensee. That proposal included provisions for a phase-out of operations and a phase-out of contributions for and by staff into the State pension fund, and certain retirement incentives were also included. CWA Local 1032 engaged in negotiations for a potential successor agreement with the unknown nonprofit entity. But our membership was highly skeptical of this proposal, doubting both the ability of the new nonprofit, which they assumed would be a reconstructed version of the Foundation, to provide adequate health and retirement benefits due to the greatly increased costs of these items for smaller, nonprofit organizations. In particular, our members saw no managers at that time on the State or Foundation side that they believed understood clearly the broadcasting industry.

The 1998 proposal ultimately did not move forward, primarily due to the belief that it would not have legislative support.

More recently, in 2008, another proposal to privatize NJN was launched. Ultimately, the Corzine Administration did not support the concept. In response to some of the current problems with State operations identified at that time, CWA members began to develop our proposal for a New Jersey Public Media Corporation. And that's the proposal that was introduced to you briefly the other day -- and that I believe is going to have additional testimony today -- which you've all gotten copies of.

There have been two relevant conversions elsewhere from State operations to nonprofit networks -- Hawaii in 2000, and Oregon from 1993 to 2003. In the case of Hawaii, the conversion was sudden, precipitous, and disastrous for employees, with two-thirds of the staff cut. In the case of the Oregon Public Broadcasting, there was a 10-year phase-out of funding and membership in the state pension fund. Most state employees working at OPB continued employment at the nonprofit.

I want to just mention a little bit about some contractual provisions that I think haven't really been given due consideration as part of this process. And we heard a little bit in the testimony. And these directly impact the employees of NJN. There was a little bit of discussion the other day about the notice that was given to the union -- the 120-day notice -- and that was part of the current collective bargaining agreement. It's in a Side Letter -- Side Letter 13 -- that actually covers instances when layoffs might occur as a result of privatization. And there a number of other provisions there that I just want to touch on that directly impact the employees, and certainly impact their futures -- whether or not with the State entity or any other kind of entity.

The CWA/State Executive Branch contract contains this Side Letter that I mentioned. We believe very strongly that this job security language of the collective bargaining agreement is applicable to any effort to privatize the NJPBA. And I just want to highlight a couple of the provisions that are in that Side Letter, for your information.

The language provides that no less than 120 days advance notice be given prior to serious consideration of privatization. And that was the letter that we received on September 1, from the State, indicating that

there was a potential that every employee of NJN would be laid off. And, as I was reviewing the business plan last night that we just got yesterday, it very clearly stated that that was the intent -- that every employee would be laid off and, perhaps, given the opportunity to reapply for positions.

In addition to that 120-day notice, the language also provides that a detailed accounting of all costs under the privatization and a comprehensive cost analysis must be provided to the union by the State accompanying the notice. That was not with the notice that we received on September 1.

The Side Letter language also goes on to say that the union shall have the opportunity to demonstrate that its employees will do the same work more efficiently than a private entity. The State is required under the Side Letter to provide all relevant cost information necessary to enable the union to develop its economic position. And, again, prior to yesterday, we had not had the opportunity to review the business plan, and so we are just at the beginning of that process. So we are not--

SENATOR GILL: I just want to make clear: The business plan, so we'll know for the record -- what you're--

MR. KAVANAGH: The business plan is different than the operating plan.

SENATOR GILL: I understand that. What business plan are you referring to?

MR. KAVANAGH: The business plan that was prepared by the Foundation.

SENATOR GILL: Okay.

MR. KAVANAGH: Thank you.

SENATOR GILL: You're welcome.

MR. KAVANAGH: That's the business plan that also should have accompanied -- or at least parts of it should have accompanied the notice that I referenced.

SENATOR GILL: Okay.

MR. KAVANAGH: The Side Letter also requires that the State and the union utilize the State auditor to determine whether substantial cost savings will occur if the privatization goes forward. Where the State auditor determines that there is no substantial cost savings, the State will undertake its best efforts to ensure that there shall be no layoff or adverse economic impact on State employees -- whether they're at NJN or anywhere else. This means that prior to any privatization of the PBA, the State must give CWA, the union that represents the majority of employees, the opportunity to demonstrate that current employees of the PBA can provide broadcast services more efficiently than employees of a future nonprofit. This can include union proposals to change work organization, which is what you're going to hear more about later today.

The State Auditor ultimately is charged with determining whether or not privatization of the PBA will lead to substantial cost savings. And in the event that the Auditor makes a determination that it would not lead to substantial cost savings -- that a privatization initiative would not lead to those savings -- and the entity, whether it's NJN or anybody, goes forward and privatizes anyway, then another provision of the collective bargaining agreement kicks in, which is the displaced worker pool -- which provides that any employee who is laid off as a result of a privatization initiative after the State Auditor's finding found that no savings would be

realized -- they stay on the State payroll for an additional four months and have opportunities to be placed in other positions. And this is a unique provision to our collective bargaining agreement. It is not in other collective bargaining agreements in the State.

And I'm afraid that it has-- A lot of what's been included in the CWA has been lost in the discussion; and it's particularly troublesome for us and for the employees who are looking at their future here on the line, not knowing exactly whether or not their rights are going to be followed in accordance with the collective bargaining agreement. It's very important to them that that be the case. And they've taken tremendous efforts to demonstrate, to the extent that they can at this point, that they are prepared to engage in serious, meaningful discussions about a future New Jersey Network that is more autonomous, that allows for the kinds of flexibility that's necessary for NJN to thrive and continue to fulfill its core mission.

And we just want to make sure-- I'm here to speak on behalf of the union. We want to make sure that all opportunities that people are entitled to are enforced. And it's our intent to make sure that that is very much the case, going forward. And we certainly look forward to working with the members of the Task Force to achieve that. And we would certainly welcome any effort on the part of the Task Force to facilitate the process that's outlined in the collective bargaining agreement for getting the kind of information that we need.

SENATOR GILL: Don't leave.

MR. KAVANAGH: I'm here.

SENATOR GILL: That was a very informative testimony.

Do you have any questions?

SENATOR VAN DREW: Thank you, Chair.

Just to make sure that I understand. And I know that you have a vision of where you think that we should go in order to save the maximum number of employees. And I think, frankly, everyone who's up here certainly wants to save the people who are working there as well. So we have a difficult mission: We have to save the people who work there; we want to make sure that we're cost-effective and still keep a very important mission, and improve the mission, for NJN.

And just very briefly -- because I know we have other testimony. In plain English -- and I know you've presented that already, and you've discussed that a little bit already -- but in the short form, the CliffsNotes, how would you do that, number one, is the first part of my question; and secondly, do you believe that your employees are on the cutting edge of where they need to be -- candidly?

MR. KAVANAGH: Look, I think that our employees are among the best of the industry. They've demonstrated that, they've retrained, they've continued to take on new skills and new requirements, all at a time--

SENATOR VAN DREW: I know they have the potential to be, but are they? Have they received the training, are they--

MR. KAVANAGH: Look, I think people would welcome opportunities to retrain. I think people would welcome opportunities to have new technology brought in that certainly would require some additional training and that would, ultimately, enhance the mission of NJN. So is every employee at the point? I mean, I think that's partly a discussion

about what technology is currently being used, and what technology probably should be used and hasn't been for, among other things, economic reasons.

I think the plan question is critical to that, though, because if you look at a number of the recommendations that are included in the staff plan for a New Jersey Public Media Corporation, it talks an awful lot about the need to bring in new technologies and to go into other areas that are currently not served by NJN. We heard a lot the other day about radio; we heard, certainly, a lot about other forms of new media, right? Those are all things that the employees at NJN have been starving to do. They believe that in order to fulfill that core mission all of those things have to be part of the overall media landscape. And for a number of reasons -- economics being, certainly, a big part of that -- it hasn't been the case. And also, when you look at just the fact that you've seen staffing continue to diminish over the last decade, and the ability to adapt to that has been very challenging for people. But without question, as I've said and as other people can say more directly, people are taking on two, three jobs at the Authority in order to make sure that that mission is fulfilled.

SENATOR VAN DREW: Last question: from your plan, where's the money come from?

MR. KAVANAGH: Our plan requires a level of State commitment. I think that there's other things that are included in that plan. The crux of the State's commitment is not just for money. The State commitment is to ensure that the mission of NJN continues to thrive and survive, right? But certainly having a State financial contribution, and State support, is critical to that. And it's not unique. Almost every other

public broadcast entity has State support, and that's included in the testimony that was given a little bit the other day.

I mean, look at Hawaii, for example, which was a place, just a few years ago, where they did a rapid conversion to a nonprofit, cut staff dramatically, programming was completely destroyed; and yet, they receive a significant amount of state support today for an entity that totally lost touch and focus with its core mission.

I think there are other things in the plan for other ideas for revenue. There's certainly a lot of fundraising initiatives that are included in our plan that have not been realized by the current Foundation. We heard a lot the other day -- and people have talked about this extensively -- about the need to do additional capital campaigns and other fundraising strategies. And I think a lot of that, again, has not come to fruition under the current leadership. I think it's a combination; it has to be a combination.

SENATOR VAN DREW: I have some thoughts, but I'll hold them. Thank you.

SENATOR GILL: Okay.

Minority Leader DeCroce.

ASSEMBLYMAN DeCROCE: I have a question. Of the 95 people who you represent, approximately -- you may or may not know -- how many are eligible for retirement?

MR. KAVANAGH: I do not have a number. That's primarily a function of flawed data. The data that we get from our system does not provide us with dates of hire, so we don't really have an accurate sense. I

do think there's a significant number of people who are eligible for retirement.

ASSEMBLYMAN DECROCE: Okay.

SENATOR GILL: I think that number may be about 38 or--

MR. KAVANAGH: I would defer to someone from NJN management on that. But I wouldn't say that's out of--

SENATOR GILL: Out of--

MR. KAVANAGH: Yes, out of the league.

SENATOR GILL: I wanted to explore with you this issue of privatization.

MR. KAVANAGH: Okay.

SENATOR GILL: Which I think is very interesting.

If the State argues that it's not privatization, then the Side Letter would not apply?

MR. KAVANAGH: I think the State could take that position. And I'm not sure that that would entirely mean that the Side Letter would not apply.

SENATOR GILL: Okay; so that the Side Letter would create obligations.

MR. KAVANAGH: Correct.

SENATOR GILL: Notwithstanding a transfer of the license to another entity. Would that be your position?

MR. KAVANAGH: Yes.

SENATOR GILL: Okay. And so on the idea that a transfer to another entity would negate the obligations to the union workers, it's not as clear-cut as--

MR. KAVANAGH: Well, I think the transfer to another entity, if it's a nonprofit entity--

SENATOR GILL: It's a nonprofit, not the State-- This is my hypothetical, because I think you bring up a very important issue we would like to consider.

MR. KAVANAGH: I would argue very strongly that that would be a privatization initiative and that the relevant portions of the collective bargaining agreement would be in effect.

SENATOR GILL: And just for my benefit, how would you define privatization that would give rise to the Side-- Is it Side Letter?

MR. KAVANAGH: Yes, and actually I forgot to mention -- it's actually attached to my comments.

SENATOR GILL: Oh, here's the Side Letter.

MR. KAVANAGH: Yes, it's called Side Letter of Agreement #13 -- Job Security. And in paragraph B, it says: "In the event that the State seriously considers privatization or closure of a facility or function that could result in the layoff or displacement of negotiation unit employees" -- which this business plan that was prepared by the Foundation clearly does. I mean, it says it on the first page that every employee would be laid off.

SENATOR GILL: If we did not premise this on the business plan--

MR. KAVANAGH: Okay.

SENATOR GILL: --of the Foundation -- I'm just talking about broad concepts.

MR. KAVANAGH: I think even if we were talking about any entity--

SENATOR GILL: Anyone.

MR. KAVANAGH: Right, I was being specific to that one, just because--

SENATOR GILL: I don't want to be specific.

MR. KAVANAGH: --I read it most recently.

SENATOR GILL: I can be, but I don't want to just--

MR. KAVANAGH: Sure, no.

SENATOR GILL: --for this example.

MR. KAVANAGH: Right. And that paragraph goes on to outline the 120-day notice and what should accompany that notice. And like I said earlier, we did get the notice; we didn't get the accompanying documents.

SENATOR GILL: So that the Side Letter 13-- I just want to follow this through with you, so that at least I can get a better understanding.

MR. KAVANAGH: Sure.

SENATOR GILL: The Side Letter 13 would apply to a privatization or a closure of a facility.

MR. KAVANAGH: Right.

SENATOR GILL: Or a function that could result in the layoff or displacement of negotiated union employees.

MR. KAVANAGH: Correct.

SENATOR GILL: And that under that analysis, it would be your position -- or is it your position? I don't want to put words in your

mouth -- is it your position that under that analysis that's where the Letter 13 comes in, notwithstanding the nature of the transfer?

MR. KAVANAGH: That's correct.

Just as an aside: If anybody read the Privatization Task Force report -- it's actually being discussed in the Transportation Committee today -- it had a section that included impediments to privatization. If this wasn't number one, I think it was number two.

SENATOR GILL: Okay.

And if there was a transfer made under this Section B, what would the position of the union be? Would you sue the new entity, would you sue the State, or can you even answer that question?

MR. KAVANAGH: Well, the first thing we would do is, we would want to make sure that we received all the information that would allow us to evaluate whether or not the proposed transfer or the proposed creation of any new entity would achieve the mission of both saving money for the State and continuing the overall mission of the Network. And that's our first hurdle in this--

SENATOR GILL: Okay.

MR. KAVANAGH: --is getting that information, and then using that information in order to develop our own alternative to whatever it is that's being proposed -- whether it's a transfer or other creation. That's where the State Auditor comes in. And the State Auditor then has the ability to look at all of the data that's been provided by both parties and determine whether or not the proposed privatization, in this case the proposed creation of another entity, would result in the kinds of substantial cost savings that are necessary to justify it. And at the end of the day -- and

it's in the Side Letter, I'm not keeping anything from you -- the right to privatize remains a managerial prerogative. So these are meant to be protections that the actual act of privatization is for the stated intention and the stated reasons, and to give us an opportunity to counter that.

SENATOR GILL: So B is a process.

MR. KAVANAGH: Well, B-- I mean, it continues.

SENATOR GILL: It continues.

MR. KAVANAGH: Right. But B initiates the process.

SENATOR GILL: B initiates the process. B is not designed to obstruct the privatization, if the process goes through pursuant to whatever negotiated obligation.

MR. KAVANAGH: It's meant to ensure transparency as part of the process.

SENATOR GILL: Okay, thank you very much.

Any questions? Any further questions?

ASSEMBLYMAN LOUIS D. GREENWALD (Vice Chair):
Thank you, Madam Chairwoman.

Patrick, have you guys looked at what other states are doing, other than Maryland, as to what might work in New Jersey?

MR. KAVANAGH: In terms of creating-- In terms of their workforce, in particular? Or--

ASSEMBLYMAN GREENWALD: Look, I understand CWA's issue is the workforce, and I think everyone is pretty much universally-- I can't say that I've said it at NJN; I say it publicly, I say it privately -- I'm incredibly impressed with the dedication of the workforce. But the way we

are currently operating is not going-- There's no survival for NJN on that merit, and it's been a slow death. It's been a death by--

MR. KAVANAGH: Right.

ASSEMBLYMAN GREENWALD: ----a thousand cuts. So I want you to expand your view beyond the workforce, because I think--

MR. KAVANAGH: Well, our proposal--

ASSEMBLYMAN GREENWALD: I guess my point is: How do you preserve the dedicated workforce in an economic and feasible manner? Have you looked at what other states have done, from public/partnerships, from some kind of beneficiary trust that's been raised, and other issues? Is there a property trust? I've said this at every hearing or every meeting that we've had with people: I'm not an expert on public broadcasting.

MR. KAVANAGH: Yes, and I heard your questions to this effect the other day as well.

ASSEMBLYMAN GREENWALD: You know, I'm frustrated -- not with you, sir, -- but with pretty much everybody in general -- that we're talking about what's happened in the past. We know why we're here. We've got to figure out how we go forward to keep the mission and the vision of NJN alive, if possible.

MR. KAVANAGH: Right, right.

ASSEMBLYMAN GREENWALD: And I'm not hearing, really, anyone come before the Task Force with a presentation of--

MR. KAVANAGH: Well--

ASSEMBLYMAN GREENWALD: “We’ve looked at all 50 states; here’s a compilation of 15 different things that would be a perfect fit for New Jersey. If you took from here, here, here, and here--”

MR. KAVANAGH: Well, I think if you look at our proposal for the New Jersey Media Corporation -- which was introduced at the end of the session on Tuesday, and is going to be talked about in more detail by Dudley and Bob Szuter in a few minutes -- that document represents an attempt to kind of take a look at both what’s happened at NJN over the years, but also puts it into a bigger context -- to see what has happened around the country, what has happened in other places, and what practices would make the most sense for this entity to continue in New Jersey. Now, obviously our proposal calls for it to continue as a kind of State entity.

ASSEMBLYMAN GREENWALD: But can it do that? I guess that would lead to my question of the many revenue-generating ideas that are in the NJN proposal. From the workforce, is there one point in particular that would focus on a way to increase revenue through that broadband application? Because this really is a revenue issue.

MR. KAVANAGH: It absolutely is a revenue issue. I can’t speak to the broadband specifics; other people will--

ASSEMBLYMAN GREENWALD: Okay.

MR. KAVANAGH: --as they come up. But let me just say, in other places I think one of the-- I mentioned Hawaii. I don’t know if you were in the room at this point, yet, but Hawaii was a place where they tried to do a rapid conversion -- they just completely slashed the staff, programming went to almost nothing. It was probably the worst model,

and yet it still continues to receive significant state support. So it's probably the worst-case scenario, if you were to look at that.

I think there's got to be a way for-- And certainly the employees who work currently -- and we talked about this a little bit earlier -- are very much interested in bringing in new technologies, bringing in new innovations that are--

ASSEMBLYMAN GREENWALD: It's all about money.

MR. KAVANAGH: --that are used elsewhere. Right.

ASSEMBLYMAN GREENWALD: That's great; it's all about money.

MR. KAVANAGH: Very much, all about money. And it's all about retraining people to be able to make the best use of those--

ASSEMBLYMAN GREENWALD: More money, yes.

MR. KAVANAGH: It's an investment, right?

ASSEMBLYMAN GREENWALD: It is.

MR. KAVANAGH: But there's already been a significant investment.

ASSEMBLYMAN GREENWALD: It is, but my point is this: The State-- You are dying a crippling, painful, slow, and agonizing death because we're relying on State funds. Now, if there's a discussion about a transition of that, how do we achieve all of those goals with a committed, dedicated, workforce; upgrade the technology; move us into the modern age; and allow us to do that? Is there anyone who is going to present--

MR. KAVANAGH: We have to change-- I think a big part of that is that we have to change the organizational structure. I think we have

to change, to a large extent, the relationship to the State, so that it's not entirely dependent upon the State in the ways that you've just articulated.

ASSEMBLYMAN GREENWALD: Correct.

MR. KAVANAGH: Right?

ASSEMBLYMAN GREENWALD: Yes.

MR. KAVANAGH: I think the relationship to the State has to change. I think NJN has to be given-- Again, I'm not the best person to talk about this.

ASSEMBLYMAN GREENWALD: Okay.

MR. KAVANAGH: I'll let others, but NJN has to be put in the best possible position to--

ASSEMBLYMAN GREENWALD: To survive.

MR. KAVANAGH: --to survive--

ASSEMBLYMAN GREENWALD: To be stable.

MR. KAVANAGH: --and to thrive. To survive and to thrive. And that requires a significant look at the overall organizational structure and the relationship to the State. There are things that are in that report that talk about how do you actually allow NJN to effectuate certain personnel practices like hiring better, rather than the way that it's done now. Quite honestly -- and I said this in my testimony -- I would actually prefer, from a union perspective, that we actually -- and we do this in other places -- that we are actually able to bargain a contract directly with NJN, so that NJN would be taken out of the State Executive Branch collective bargaining agreement. And we could actually sit down with management from NJN and negotiate over terms and conditions of employment at NJN. Because honestly, how much attention do you think they get at the

bargaining table in a 30,000-worker unit? You are able to sit down and you are able to talk about NJN; you are able to talk about processes, work product, work productions. That happens.

ASSEMBLYMAN GREENWALD: Patrick, I don't mean to interrupt you. I understand your point. That all comes back to, there has to be a revenue stream for which to have that negotiation. And I don't mean to be solely, singularly focused on this, but the crux of this problem, to me, is not a committed workforce. This isn't that "lazy State worker" who you hear about.

MR. KAVANAGH: Sure.

ASSEMBLYMAN GREENWALD: That's not what we have here.

MR. KAVANAGH: I'm not taking it that way, either.

ASSEMBLYMAN GREENWALD: No, but my point is: Everything you said is a separate discussion. It may have tremendous merit, but you made a point earlier -- and don't even respond if there are other people who can -- if we've got to get off the State as the sole source and look at--

MR. KAVANAGH: Well, the State's not the sole source.

ASSEMBLYMAN GREENWALD: --someone has to come forward with what is happening in other areas where this is being successful, as to where that revenue can come from. And the last--

MR. KAVANAGH: Well, let me just, let me say--

ASSEMBLYMAN GREENWALD: That's okay. That's my point; hopefully someone else will answer.

MR. KAVANAGH: No, actually, I want to respond to that point.

ASSEMBLYMAN GREENWALD: Oh, do you have an answer for it?

MR. KAVANAGH: I want to just--

ASSEMBLYMAN GREENWALD: Okay.

MR. KAVANAGH: --I want to direct your attention to what--

ASSEMBLYMAN GREENWALD: I thought you said you weren't the expert on it, so that's--

MR. KAVANAGH: I'm not.

ASSEMBLYMAN GREENWALD: Okay.

MR. KAVANAGH: I want to direct your attention--

SENATOR GILL: We know-- Just so that you understand, we do have someone who will talk--

MR. KAVANAGH: Correct.

SENATOR GILL: --in detail about the union's plan. And so that those questions may be asked better to the next witness, so that we can get a more concrete answer to the Senator's question. But your information has been very good.

MR. KAVANAGH: Let me just say one thing in response, and I will defer to my colleagues on it. But one of the things -- and we heard a little bit about it the other day -- that's included in our plan is creating new abilities to fundraise in this environment, and actually allowing for campaigns and programs to, actually, get additional money. There are significant recommendations -- taken from practices elsewhere -- in that report to do that. So that you do have a viable foundation or fundraising

arm that is able to serve, really, what its core mission should be, which is to provide direct resources to the Network in order to allow the Network to fulfill its mission.

ASSEMBLYMAN GREENWALD: Madam Chair, my last question would be -- and Patrick, again, if this is not your area of expertise, that's fine -- but do you have any insight as to-- With the State, would we be better off from a monetary gain standpoint on State-owned licenses versus community-owned licenses? And again, from an educational standpoint for members of the Task Force, how do they differ?

MR. KAVANAGH: Actually, I'm not the person to answer that.

ASSEMBLYMAN GREENWALD: Okay, that's fine.

So whoever is going to testify, that is a question that I have -- if they could enlighten us on that.

Thank you, Madam Chair.

SENATOR GILL: Thank you very much.

MR. KAVANAGH: Thank you.

SENATOR GILL: Next witness.

MR. DONAHUE: The Task Force calls up as its next witness Mr. Dudley Burdge, CWA Local 1032.

D U D L E Y B U R D G E: Would it make sense for me to pick up some of the questions that were just asked?

SENATOR GILL: Yes.

MR. BURDGE: Senator Van Drew, I think you asked a question: Are we on the cutting edge, our members at NJN -- on the cutting edge? And I don't mean this as a hedge, but the quick answer is, yes and

no. We have -- and we've really only begun to look at this in detail, but-- We have areas at NJN where the technology is clearly state-of-the-art: the master control facility is one. We have other areas -- the field operations, the reporters going out with the cameras -- from what I understand, it's pretty similar to what it is in the commercial broadcasting area. I know a number of NJN management and some of our members went to Channel 6 in Philadelphia and took a look at that, and they came back and said, "That's pretty similar." Some of the editing equipment and that kind of thing that's out there, we probably are not state-of-the-art. So it's a mix. And I don't have all those details yet, because we've just kind of started that process to look at it. And I'll be quite frank: The previous management, it was more difficult to get information that you could use and respond to. So that's going on.

SENATOR VAN DREW: Dudley, if I can just ask you one question?

SENATOR GILL: What a minute, wait a minute.

Yes, you can. I'm just-- Are you finished with that--

MR. BURDGE: Yes, I'm finished with that.

SENATOR GILL: Okay; Senator Van Drew.

SENATOR VAN DREW: Thank you, Chair.

Just going back a little bit again. That's what I'm trying to ascertain. I mean, I'm trying to get my finger in, and I think the Committee is-- I mean, the bottom line is we want to be able to continue NJN in a cost-effective way. There is no money, so how are we going to do it and be on the cutting edge, and why are we not where we should be? And I know part of it has been a lack of funding, and I think what the Chair

has been alluding to, and the Minority Leader and Assemblyman Greenwald, is: We don't have money, and there's not going to be any new money. So how do we get-- If people aren't trained -- and it's not their fault, they are a good workforce -- but if they're not trained as well as they should be -- and it's not their fault, I understand that -- and if the equipment isn't where it should be and the workforce isn't exactly where it should be -- and that's because of neglect over a number of years, because we've been limping along -- how are we going to get to the point-- And I know we want to hear all this other stuff, but what I personally just want to express is -- what I want to understand, and what I want to hear about is how we can keep the people working, keep the focus where we want to be, and do it without more money.

MR. BURDGE: Yes.

SENATOR VAN DREW: That's the bottom line. I'm hoping, at some point, that you all can answer that. Thank you, Chair.

MR. BURDGE: Thanks for the easiest question of the hearing.
(laughter)

SENATOR VAN DREW: It's the job we have. It's the job--

MR. BURDGE: Yes. No, no; absolutely.

I can't say that we have that yet. I mean, I think we're going to have to think creatively. And let me even paint the picture a little more. Because as bad a picture as you painted, I think, to some extent, it may actually be a little worse.

The situation on the nonprofit side, or the Foundation side: What I heard was that they used to raise \$8 million to \$9 million a year in revenues. I heard Doug Eakeley say on Tuesday that the last year -- which I

had a little trouble hearing that part, but I believe he was referring to the year that ended on June 30 -- was around \$6 million. In their business plan, they have an estimate that they only think they'll raise \$2 million for the first half of this year. So we've got a decline on the private side that's going on at the same time, which, in some ways, is understandable. If you're talking about change in status and people question the viability of the organization, that's probably going to happen. And from the people I've talked to -- both internally at NJN; and I had some opportunity to talk to some public broadcast managers, particularly State operated systems around the country -- it takes some amount of time to build that up. It can be done. The typical level of funding for the State operators-- The number that came back most frequently -- and I don't mean to say this is scientific, because it's not -- but it was around 40 percent, 45 percent. The money that came from State government or through universities. There are some that were significantly less: Wisconsin is around 30 percent; Idaho is around 23 percent. I don't know about a short-term solution. We have done some thinking, some preliminary investigation: Is there a way to capture the cable fees, retransmissions fees -- something of that kind. I don't know that it's going to be huge amount of money but, look, we'll take whatever we can get. And it may require some other thinking that way.

It's just hard for us to understand, in the current climate -- you talk to people in nonprofits; it's not a pretty picture in that world, either -- and how that's going to turn around and a lot of money materialize all at once.

The other point I would make that a number of our members have made, that's in the report that they developed, is-- Our feeling is

perhaps there are some people out there who say -- they're just very ideological about it and say, "As long as the State's involved, I don't want to give any money." But then you kind of look at the practical experience: People give to Stockton, people give to Rowen, and that's one of the reasons why we set up this Public Media Corporation -- is it's called a *corporation*. The idea is it would also make the place friendlier for people to give donations.

But it's going to take some amount of time, I think, to turn it around, unfortunately. They haven't done the major giving campaign. They talked about it, started, stopped. They haven't done the capital campaign. And you know, you're not going to do that in six months. I mean, we're hopeful in trying to come up with some more ideas, and so forth. I can't say that there's something out there that just-- You know, you put this in place, but there's some examples of some other states that, over time, have been able to raise more money. I think Paul Starr raised a whole other question of, kind of, State funding, and how that affects a journalistic enterprise like NJN, which is different than practically every other State, university, nonprofit -- a daily newscast with reporters. And he kind of raised this question of, does it affect how they do the coverage? And the long-term answer, I think, is to find some kind of dedicated source of funding. Now, maybe that's a nonprofit foundation, but for most places in the world it's some kind of fee. Something we ought to look at is the cable fees -- is there any way to capture some of that revenue?

SENATOR GILL: Any other questions?

MR. BURDGE: I know that wasn't a satisfying answer.

SENATOR VAN DREW: It wasn't the answer we were--

SENATOR GILL: Are you--

SENATOR VAN DREW: I heard him, Chair, I'm digesting that. But it still doesn't help the difficulty of the situation.

SENATOR GILL: You referenced the employee plan a few times.

MR. BURDGE: Right.

SENATOR GILL: But we haven't articulated the employee plan, in its broad scope, on the record. So the employee plan would be where you'd transfer the license to a nonprofit?

MR. BURDGE: No. The employee plan builds around what we're calling a *public media corporation*.

SENATOR GILL: And is that public media corporation still a creation of the State of New Jersey?

MR. BURDGE: It would be, yes.

SENATOR GILL: So that the Public Media Corporation would take the place -- although I guess you would argue, would do a better job than -- the New Jersey Public Broadcasting Authority?

MR. BURDGE: Right. And it would have certain powers, and authorities, and abilities to operate that it does not now.

SENATOR GILL: Okay. And under your concept, the State of New Jersey would still be the owner of the license?

MR. BURDGE: That's correct.

SENATOR GILL: So does the -- and so we understand; okay, so I understand that concept. And under that concept, there are certain things that should be done.

Does the employee-- Do the employees have a plan if the transfer is from the State of New Jersey to a nonprofit organization, where the license has been transferred?

MR. BURDGE: Well, I would say this: I think when you get into the details of the plan, there are some things in terms of changing the operations of NJN. Some of those probably could be applied to that situation as well. Certainly some of the fundraising ideas could be applied, regardless of whether it's a nonprofit that gets the licenses, a nonprofit where the State keeps the licenses and they operate it, or this Public Media Corporation.

SENATOR GILL: And the only reason I ask you questions about that is because, in some sense, it does make a difference. Because if it's a transfer of a license, we're no longer the owner, we get back to the FCC requirements. And Richard Stockton, wasn't he a signer of the Declaration of Independence? We get into all the historical First Amendment issues here of not being able to mandate--

MR. BURDGE: Yes.

SENATOR GILL: --that the new corporation -- whatever it is -- if they own the license, would have to take the State workers. So that your whole-- That's why it would make a difference, and I wanted to be clear that your plan was predicated on the State continuing to own the license.

MR. BURDGE: Yes, I think for two reasons: There certainly is the staff, and representing people, and for their benefits and that kind of thing. But also I've always felt-- I was a person who sat through those negotiations in 1998 with the kind of unknown group that was going to be taking over. And as kind of a union person who works full time for the

union, we have looked at that and said, "Look, you know, there are some things under the National Labor Relations Act that actually might be better in terms of negotiations. There are certain things you can do that you can't do in the State of New Jersey." So we didn't necessarily start out-- I didn't start out with, personally, a hostile position towards the whole idea. But when we came back and our members reacted -- they weren't very concerned about that issue. And they looked at it, and kind of their question was: Will this new organization really be able to operate, and be able to preserve both our jobs and benefits, preserve what we're doing to be able to do the New Jersey coverage? And I think that's very important, in terms of the licenses. I think you said, once the licenses are gone you can't really put restrictions on them. And it goes back to Colonial times, the situation of New Jersey. It's just going to be tremendous power from the Philadelphia market and the New York market to -- maybe not the first year, maybe not after five years, but at some point -- to move and be subsumed in those markets, and not really do the New Jersey coverage.

SENATOR GILL: Okay.

Any further questions?

ASSEMBLYMAN DECROCE: Yes, I do have some questions for him.

I'd like to ask you about the composition of your union. How many clerical people are in your union, as a-- Are there members of your union that are clerical?

MR. BURDGE: Yes; you mean at NJN?

ASSEMBLYMAN DECROCE: Yes.

MR. BURDGE: Yes, there are not that many clerical people. Some of the folks who Patrick made reference to, that we now believe we are entitled and have an obligation to represent under legislation that was enacted in January -- I think three or four of them are clerical employees.

And State government, in general -- and NJN is no exception -- the number of actual clerical employees has been greatly reduced over the years. Now, I should say that unit is actually called the Administrative Clerical Unit, so there are people in more "administrative" kind of things, and I think that may include some of the technical assistant titles that you see on there, and that kind of thing.

So not only do they think of them as clericals -- that's somebody who operates master control. That's not what they do, it's not really a clerical function. Not too many anymore.

ASSEMBLYMAN DeCROCE: Can you also tell me: How is the breakup of the union? How many people are divided amongst the radio group, and how many amongst the TV group?

MR. BURDGE: Overwhelming numbers on--

ASSEMBLYMAN DeCROCE: Are they integrated at all?

MR. BURDGE: To an extent; and I think there's been some progress made on that. Radio has always been a forgotten stepchild at NJN. Paul Starr said that, and I can't disagree with him. When I first started representing people at NJN in the late '90s, the folks who work for radio were either-- Most of them were either at minimum wage or slightly above. So that just tells you the importance that went into it over the years. And I agree: It's a great missed opportunity. I think maybe -- I don't know if

anyone knows; I'm sure Janice Selinger would know -- I'm thinking, maybe, six to eight people in radio.

ASSEMBLYMAN DeCROCE: And the rest are in the--

MR. BURDGE: Three-- And, I guess, with some, maybe people who come in part time, or that kind of thing.

ASSEMBLYMAN DeCROCE: I see.

MR. BURDGE: So three in radio, and the rest in TV or kind of administrative, and a few new media people or IT kind of people.

ASSEMBLYMAN DeCROCE: Okay. I would agree with you on the radio. Most of us in the Assembly and the Senate couldn't even tell you what your call letters are.

MR. BURDGE: Yes, because the stations are weak, and they're not in most of the state; and people spend their time in the car in New Jersey more than any place, and you can't just turn to a station.

ASSEMBLYMAN DeCROCE: Yes. So the balance of the people, though, actually assist some way in the TV technical area?

MR. BURDGE: Yes, I think that would be accurate -- yes.

ASSEMBLYMAN DeCROCE: Thank you.

SENATOR GILL: Assemblyman Greenwald.

ASSEMBLYMAN GREENWALD: Thank you, Madam Chair.

Dudley, I'm not suggesting that this is what you're recommending. I don't know that it is what I would recommend, but I'm just-- My focus is, obviously, trying to find revenue for this. I mean, that's-- Revenue to increase the technology, expand its use. As Assemblyman DeCroce just said, greater identification and, I think, expansion of the radio -- which more and more people are using.

According to the plan that you guys have put forward, your goal would be to reorganize the New Jersey Broadcasting Authority as a public media corporation.

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: And NJN itself should be revitalized and branded as a service-oriented public institution, like a utility. Is that kind of-- Is that where your thoughts are?

MR. BURDGE: Yes, yes.

ASSEMBLYMAN GREENWALD: Okay. It's an interesting concept. That's why we're here -- we're trying to get ideas.

My understanding of a utility is: In most counties, or in the county where I live, like Camden County, we have the Camden County Municipal Utility Authority, which is for water and sewer for County residents.

We pay on a quarterly basis, somewhere between \$78 and \$79. That's a fee for access to the sewer system and the Water Authority. It's a revenue stream, which is critically important to the infrastructure of the County to attract business, ratables; and any business that moves in would want that.

MR. BURDGE: Yes.

ASSEMBLYMAN GREENWALD: If you are establishing a -- like a utility, or an authority, have you given any thought-- In the Task Force meeting earlier this week, it was identified that we need a minimum of \$15 million to a number as high as maybe \$25 million, with a goal to grow to those levels to do all of which we're talking about: retrain the workforce, technology, etc., etc. We know we're getting somewhere

between \$6 million and \$8 million in charitable donations; we're looking at, we need somewhere from a \$7 million baseline to offset that. What would-- Have you, in your plan that you've presented to go to this utility or authority, have you given any idea as to a fee that would be charged to access the utility? Where would that fee be paid?

Right now I'm using these terms loosely because, again, I'm not an expert. I'm trying to educate myself and my colleagues on the board. But my friends at Comcast, which is what we had access to until FIOS came down to South Jersey -- both of these companies have, I think, a fee on the bill of some kind--

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: --which is for that access to that utility. Have you thought about this at all? Comcast and FIOS and Verizon are obviously not going to give you a chunk of what they're charging. There was a big discussion down in our region of the state: If you wanted access to the NFL Network, Comcast was going to drop that. There was a fee, I guess, that was added to the bill. Is there a fee that would be added? Would there be a discretion from the residents? Would they want NJN? Have you given any thought to this? Is this a possible revenue stream? And the question I keep asking: Have any other states done anything like this? Where does this idea come from? And at the end of this, this is about revenues.

MR. BURDGE: Yes. The only place that I've seen information about it being done is Hawaii -- that they said the state was getting out of the TV business, but then -- I have to go back and look at the exact mechanism -- but I think it's kind of similar to what you're alluding to, that

there was part of the cable fee that went to support Hawaii Public Television.

ASSEMBLYMAN GREENWALD: Well, let me suggest that-- I don't think we're going get approval for a field trip to Hawaii, so we might want to-- (laughter)

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: You guys may want to do some research on it.

MR. BURDGE: Yes.

ASSEMBLYMAN GREENWALD: We're going to have some of our staff do some research on it, but these are simple questions that should be asked and answered, and this Task Force is going to be charged with making a recommendation. That's why we're asking these questions. So I don't know--

MR. BURDGE: You know, I was hoping to find that out when I made these calls around the country--

ASSEMBLYMAN GREENWALD: Right.

MR. BURDGE: --and talked to people at the Corporation for Public Broadcasting. And, aside from that, I haven't gotten anything back, in part because I think in a lot of places -- in particular, some of the state networks that are seen as the best, like Wisconsin -- there have been cuts, but they haven't been to the level that we've have over the years in the State funding. So they haven't had to grapple with it.

ASSEMBLYMAN GREENWALD: And let me say this to you: I'm not-- I think everybody's going on their own course to these answers.

We asked the same thing from Kent Manahan. There ought to be some more collaborative efforts.

MR. BURDGE: Absolutely.

ASSEMBLYMAN GREENWALD: I asked her if she'd contacted equivalent Chairs of public broadcasting--

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: --and the same that we've asked of the Foundation; and from the labor leader side, I'm asking you. But you all should be calling--

MR. BURDGE: Yes.

ASSEMBLYMAN GREENWALD: --I think, jointly and individually, to try to track this information down. I mean, it's an interesting question; I don't know the answer to it.

MR. BURDGE: I don't know if you were here when I said it, but I think that that's something that, with the current management in place, that it's much more possible and easier and, I think, more fruitful to do.

ASSEMBLYMAN GREENWALD: Okay.

MR. BURDGE: And we certainly will do that.

ASSEMBLYMAN GREENWALD: Well, let's plant the seeds, because time is running short and the crop is due.

MR. BURDGE: Yes.

SENATOR GILL: Any other questions?

Senator Van Drew.

SENATOR VAN DREW: Thank you, Chair.

Just speaking for myself, off the cuff, I just have to say the idea of a fee is an anathema to me, and I think--

MR. BURDGE: Yes.

SENATOR VAN DREW: --that we just-- We fee, tax people to death, and my sense is that the Legislature probably would not have the appetite for that. And I really even have a greater sense of the Governor, probably, would not have an appetite for it either.

MR. BURDGE: Right.

SENATOR VAN DREW: But just to discuss a little bit more; and maybe, if I could, through the Chair, if you could just give a very brief overview of the plan when I'm done asking my question here: In general, what your plan is, and what it really means. Is there any discussion of selling the radio stations, for example, in order to obtain the funding? I mean, it may not be possible to do all of this properly, so do we just, in essence, unload all the radio end of it -- it hasn't been very fruitful anyhow -- and make sure we invest in the television end of it? Take the money that we receive for the radio and therefore really invest it in there, create some sort of an entity that keeps, obviously, getting an interest return on this. Have you thought about that at all? Do you have any sense of that -- first question.

Second question: You keep alluding to the Foundation and the numbers going down. Candidly, is it your sense that the Foundation has fallen down here a little bit, which is making things even worse? In other words, my question would be -- and I'm not asking the Foundation, it's not fair -- why don't we try to raise as much as we can while we go through this process, because it's still ultimately going to good use?

Two questions.

MR. BURDGE: Yes.

SENATOR VAN DREW: So we should. And that's an interesting question with the Foundation.

MR. BURDGE: Right.

SENATOR VAN DREW: And secondly, selling the radio stations. Do you have any thoughts on that?

MR. BURDGE: Yes, I'm not the expert on the licenses. There is a fellow by the name of Charlie Loughery, who I hope will testify in Montclair about this, who was a member for awhile, and then he was a manager for quite a number of years at NJN. He did most of the work with the FCC, the licenses. He is in his retirement; he runs a Christian radio station, and he seems to be pretty aware of the radio prices. And there is--

SENATOR VAN DREW: Hope he's praying for us at that station.

MR. BURDGE: Excuse me?

SENATOR VAN DREW: I said I hope he's praying for us at that station. (laughter)

MR. BURDGE: He is, and he does. Interesting, really -- we had some other folks like that at NJN, too, and I understand they are praying a lot.

But his understanding and his belief is that the particular licenses that we have are probably worth around \$9 million. So it's not a big chunk. Then you can get into other kind of things that are more speculative. Professor Goodman, essentially what I got from part of what she said in the broadband and the spectrum is it looks like these stations --

the TV stations -- are going to be of value -- increasing value -- because the FCC and the market forces want to take the TV broadcast spectrum and move it to mobile broadband. And it looks like sometime in the future. But it's not going to help much with the next six months, the next year, probably in the next two years.

There's another possibility -- and Charlie Loughery would really be the person to talk to about this -- that on rare occasions you can convert a public license to a commercial license, if it's declared excess. And--

SENATOR VAN DREW: That's radio you're speaking of.

MR. BURDGE: No, TV.

SENATOR VAN DREW: Television.

MR. BURDGE: Which is a whole-- That's many, many-- If you sold any of the TV stations, it would be probably hundreds of millions. The New York market clearly would be a couple of hundred million dollars. Then you kind of talk about an amount of money that you could really do some kind of endowment. I have no idea whether that's a real possibility or not, and what it would require to be able to do that -- because you would have to have a technical situation where a station could be declared excess. I don't think it's done very frequently, it's my understanding, but-- It's probably something we ought to look at and track down. I mean, my sense, in terms of the radio's: It's just not going to be that much money.

SENATOR VAN DREW: Thank you.

Thank you, Chair.

SENATOR GILL: And before I go to Assemblyman Greenwald, I think Assemblyman Greenwald was referring to number 13 on page 8 of

your report. And since a fee is already being collected-- You may want to read that into the record--

MR. BURDGE: Yes.

SENATOR GILL: --so it's clear that your position is not that you should collect a new fee.

MR. BURDGE: Right.

SENATOR GILL: But that you should share in the fee that's already being collected for the purpose of public access.

MR. BURDGE: Right.

SENATOR GILL: So maybe for completeness, how about if I read it -- the prerogative of the Chair.

"Provide for a portion of the existing statewide cable franchise fee. For example: 10 cents per month to subscribers of cable, satellite, and FIOS to be dedicated to a stable NJN fund. This franchise fee already sends money to support public access channels all over New Jersey, and a small percentage could be shared with NJN for its role in providing statewide public service. Note: This would not be a consumer increase, but a small slice of the existing fee shared with NJN Public Media Corporation."

MR. BURDGE: Right.

SENATOR GILL: So just for completeness--

MR. BURDGE: Thank you.

SENATOR GILL: --(indiscernible).

Assemblyman Greenwald.

ASSEMBLYMAN GREENWALD: Madam Chair, you were reading my mind -- thank you. That's a very important point to make. You know, as politicians there's that immediate gag reflex every time the word

tax or fee comes up. But the purpose of this Task Force is to understand this issue, and the reality is that every utility has a fee. And those who utilize the utility pay that fee. And, you know, if we want water and sewer we pay a fee. If we want electricity for access to the internet, or for the lights to come on, we pay a fee. The question that I was trying to-- I'm very appreciative that the Chairwoman read that, because that's my point. So the question is: Are we using the current fee correctly? In addition to that fee, the State was using taxpayers' dollars up until now to help offset some of the costs of NJN.

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: That money's going away. And then my last point for consideration would be -- and the reason why I use the NFL Network example was because it was a consumer-driven issue. There was a push to the consumer who paid the cable bill and the fee as to whether or not they wanted that channel. It would be a question for the consumer as to whether or not they want public broadcasting. And I would tell you, as a consumer, the Greenwald household would say yes.

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: I think many households would say yes.

MR. BURDGE: Yes.

ASSEMBLYMAN GREENWALD: Now, if the access to public broadcasting was going to double my cable bill, the answer would probably change quickly, but that's not realistic.

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: So it really comes down to a consumer-driven, competition-driven issue, and how do you use that information. And, as a family with small children, public broadcasting is something that is accessed often in my house. And I joke with him often, but my friend Keith White is the most avid watcher of public broadcasting of anybody I've ever met. But that's wonderful. So it would be a consumer-driven issue, and that was my point.

My point to you is, and I'll say it again: I have not made a decision one way or the other on this. But that has to be presented to the Task Force for consideration; and right now, there's no clarity to that.

MR. BURDGE: Yes.

ASSEMBLYMAN GREENWALD: So.

MR. BURDGE: Well, I'll try to get something up on the economics of that. And I'm drawing from memory, but I think this is right: I think 10 cents a month on all their cable bills and FIOS and -- I'm not sure whether you can do it on the DirecTV or not -- but it gets you a little over \$3 million a year if you did it for everyone. I understand that if you kind of have the choice, then you're talking about, obviously, it would be considerably less.

ASSEMBLYMAN GREENWALD: Well, many of the cable networks may-- They may even have chosen to include public broadcasting as a part of their core.

MR. BURDGE: Right.

ASSEMBLYMAN GREENWALD: That's why it's a question that has to be asked.

MR. BURDGE: Well, they actually don't have any choice on it.

ASSEMBLYMAN GREENWALD: Right.

MR. BURDGE: There's-- For public broadcasters, there's something -- I believe it's FCC regulations -- probably somebody here knows it better -- but they have what's called *must carry*. And as I understand the arrangement, public broadcast gets must carry, so the cable companies have to do it. And incidentally, that's one of the revenue streams for NJN. It was around for years that they made a must carry for cable in New York, that there was an arrangement to let the Food Channel use that and they got money to support the station. I think that's phasing down.

But, anyhow, there's the must carry; and kind of the other side of that is, as I understand it, is that that means public broadcasting can't insist or mandate on what's called a *retransmission fee*, which is something that all the commercial production -- the networks insist on. You may remember -- I'm terrible about the Oscars and the Emmys, and which one is which -- the one that was in January--

SENATOR GILL: As long as you know who the stars are here, we won't hold it against you. (laughter)

MR. BURDGE: Yes, well, I don't do very well on that. I'm not going to win the quiz show.

But the one that was in January-- There was a big fight between Cablevision and, I think it was, NBC. And NBC said, "You have to give us more of a transmission fee." And Cablevision said, "No, we can't." And NBC said, "Well, you're not going to show this." And, you know, they finally came to a deal, and 45 minutes into it Cablevision

people got to see it. I mean, is there a possibility of finding a way to get some kind of retransmission fee? It's something we ought to look at.

ASSEMBLYMAN GREENWALD: Through the Chair, I think that it's something that has to be looked at, and I think the real question is -- if it's a must carry issue, I think the question for the Task Force is: How much are we currently collecting on that, and what is NJN's share?

MR. BURDGE: Oh, we don't collect anything on that.

ASSEMBLYMAN GREENWALD: Not what you do, but the cable companies do.

MR. BURDGE: Oh, yes.

ASSEMBLYMAN GREENWALD: And you said that you get a portion of that. What is the portion of that, and how is it determined?

MR. BURDGE: Well, NJN doesn't get a portion of that now.

SENATOR GILL: He wants to.

ASSEMBLYMAN GREENWALD: Public Broadcasting does?

MR. BURDGE: No.

ASSEMBLYMAN GREENWALD: All right, we have to figure it out.

MR. BURDGE: Yes.

SENATOR GILL: Senator Van Drew.

SENATOR VAN DREW: Just real quickly, and I think that's the bottom line. I think staff will -- and I think Chairwoman Gill was right on point there. The issue is: How much of existing fees can we use? Using existing fees in some way, I think you'll find support. New fees and new costs, you don't find support. And that's the reality. So the real flashpoint is here: How much can we use of the existing fees for those types of

purposes? I would hope that we could. I think that's a worthy goal and endeavor, and I think that's something that we need to find out, substantively -- what the actual answer to that question is.

MR. BURDGE: There are people in the BPU who are really the experts.

SENATOR VAN DREW: Yes, so we have to find out. It's an important question. It's probably the most, to me, important question out of this recent discussion.

Thank you, Chair.

SENATOR GILL: Thank you.

Any further questions? (no response)

Thank you very much, sir.

MR. BURDGE: Could I just say--

SENATOR GILL: You know, I'm a lawyer, so when you always say "just one more minute, please," I know what that means. But we'll try, okay? (laughter)

MR. BURDGE: I did want to point out that, for anybody who hasn't this, we do have some 15 different ideas on revenue generating. You know, to some extent it's going to throw everything in the sink and see where it comes out. But, you know, I think if there's a real commitment to doing it, including -- there's, kind of, my values -- always makes me cringe, but I'll go with it -- naming the building, right? Somebody gives \$2 million, and it can be the Whoever Center. People have thought seriously about that, about some ways of reorganizing. We are certainly willing to talk to whatever management about new ways of doing things. Our folks have

said, "We'll learn the new technology." Whatever it's been, that's what we've done all along, usually without training.

SENATOR GILL: Okay. So we're not going to review what's already been said, but we will look at, closely--

MR. BURDGE: Yes.

SENATOR GILL: And we have been. That's where I got your 13 -- paragraph 13.

MR. BURDGE: Right.

SENATOR GILL: We will review it in detail. I know we have other witnesses, so if you have something new you would like to add, please feel free to address us.

MR. BURDGE: Are all the members kind of aware of, basically, what the Public Media Corporation would do, the kind of powers it would have, compared to--

SENATOR GILL: Well, we wanted you to give us a brief outline of that.

MR. BURDGE: I am going to be very, very brief.

SENATOR GILL: So what we're going to do is, we're going to be able to read it -- unless you want to briefly outline -- or we'll bring up the other witnesses and come back.

SENATOR VAN DREW: Chair, through you, whatever you think is appropriate. If just in five minutes, if we could have a--

MR. BURDGE: Oh, yes, I can do it.

SENATOR VAN DREW: But no more.

SENATOR GILL: We agreed. That's why--

MR. BURDGE: Oh, I can be quick.

SENATOR GILL: --we want-- We're trying to direct the testimony, even though I have been -- said I'm testy. But I'm trying to direct the testimony to specific issues so that if we have to -- this Committee -- research them.

MR. BURDGE: Right.

SENATOR GILL: And that's why I wanted to know about: was it going to be State owned? What it's going to do? So I'm not here for theoretical -- not that you are -- but what's the bones of it? How are we going to save you -- if we're going to be able to do that -- what kind of structure, and where are we going?

So in five minutes -- he has the watch, let's go.

MR. BURDGE: I think I can do it in three.

SENATOR GILL: Okay. Let's go to the substantive, practical issues that are raised in your NJN Public Television and Radio -- the plan for a New Jersey Public Media Corporation. That's where I want to go.

MR. BURDGE: Okay.

Briefly, the Public Media Corporation addresses what we think are some current problems. Right now, anybody hired -- and I understand the Governor's Office has complained about this, and that they don't want to do this, and we agree--

SENATOR GILL: You're using a lot of your time talking about the Governor's Office.

MR. BURDGE: Okay.

SENATOR GILL: Come on.

MR. BURDGE: Right now, everybody hired has to be approved by the Governor's Office.

SENATOR GILL: Okay.

MR. BURDGE: We see no reason for that; it doesn't make sense. If they've got the money to hire people, they should be able to do it and pay the consequences if they really don't.

SENATOR GILL: Okay.

MR. BURDGE: So the hiring.

The procurement currently is very difficult, in part, I think, because NJN is like a fourth-string State agency, and it's just at the bottom. State colleges can procure the same identical equipment in six months that takes two years--

SENATOR GILL: So with the issue of procurement: What is the impact on NJN now? Is it that procurement is such a long process that by the time you put in for a piece of equipment, it may well-- By the time they get it, it may need a new piece of equipment that has--

MR. BURDGE: Right.

SENATOR GILL: --come out. So that the procurement restrictions almost act as a barrier to being able to, in an efficient and timely manner, get the best equipment for what needs to be done. Is that a fair statement?

MR. BURDGE: Yes.

SENATOR GILL: Okay.

And so we need to look to -- and under your New Jersey Public Media Corporation, there's an issue about how procurement should be changed, or if you should be under the procurement structure at all.

MR. BURDGE: Right.

SENATOR GILL: Okay.

Now--

MR. BURDGE: You know, you still have to get bids and that kind of thing--

SENATOR GILL: We understand. We're talking.

MR. BURDGE: --but the organization -- the Public Media Corporation -- would do it.

SENATOR GILL: Okay. We're talking.

MR. BURDGE: Right.

Leasing: NJN does quite a bit of leasing in towers. They do do a spectrum leasing now, educational broadband services -- that's what CLEAR in South Jersey -- Those are NJN assets that are being leased. It's very difficult -- same kind of problems with procurement; should be able to be done easier.

SENATOR GILL: Okay, so leasing and whatever process you have to go through now with leasing, should be changed in order to make it more efficient.

MR. BURDGE: Yes, they should be able to do it more directly.

SENATOR GILL: Okay.

MR. BURDGE: We may have lost a better deal on that CLEAR leasing thing.

SENATOR GILL: All right.

MR. BURDGE: It's hard to say, but because of the delay and legal difficulties.

The fourth that Patrick Kavanagh mentioned is the labor relations -- that we would be able to negotiate language more appropriate to broadcast media organizations.

The fifth and-- This is actually where the original idea -- it was originally called the New Jersey Public Broadcast Corporation -- came from. It was a Gordon MacInnes idea, when he was--

SENATOR GILL: You have five minutes; come on.

MR. BURDGE: --Executive Director at NJN, and his reason for doing it: At that point, the State funding was around 80 percent. But he saw that wasn't going to last. And he thought by creating this new entity it would deal with the "I don't want to pay for the State's leaky roof" argument that I think Doug Eakeley talked about -- that the perception people do (indiscernible) State colleges and other entities, and it was just the idea of what actually would be a more independent broadcast media-related organization.

SENATOR GILL: And so that even the union feels that there should be more flexibility in the labor issue under--

MR. BURDGE: Right.

SENATOR GILL: And I would assume -- and correct me if I'm wrong -- from what I've been reading and understanding, that some of the titles are not applicable to the duties and the functions of the--

MR. BURDGE: Well, we've got titles that deal with film.

SENATOR GILL: Okay. And so because of that -- and that's not a function of the employees, that's what's required, there has not been able to be a more creative, efficient utilization of the workforce talent that we already have.

MR. BURDGE: Yes. I don't mean to say that those things-- I don't think they've been great impediments--

SENATOR GILL: Well, this--

MR. BURDGE: --on the workforce issues.

SENATOR GILL: But this is one of the things you want to change. I didn't ask-- I know it's not-- It is an impediment. I won't give it a weight, but so that we understand conceptually those things -- that that has been one of the impediments. Big one or not, but it has been one. So that when we look as a Task Force to what we need to look at, we need to look at those kind of things based upon your model.

MR. BURDGE: Correct.

SENATOR GILL: Okay.

Any further questions? (no response)

Thank you very much.

MR. BURDGE: Thank you.

SENATOR GILL: Next witness.

MR. DONAHUE: The Task Force calls as its next witness Mr. Bob Szuter, Director at NJN and a CWA Local 1032 member.

B O B S Z U T E R: Thank you very much, again, for this opportunity to speak.

Would it be okay to read one or two pages?

SENATOR GILL: Sure.

MR. SZUTER: Thanks.

I would like to also address this idea of looking for models, and one of the reasons that's so tough is that NJN is an anomaly. And it's the geography. We've talked about this issue, but I'm not sure it's quite understood to the level that it needs to be.

Never have so many citizens been so underserved by the media marketplace in which they live. Now, one may not theoretically agree that

the State government should have a connection to a media outlet, but the New Jersey State Legislature stepped in years ago where the marketplace would not, and where the marketplace has not. And that's why NJN was created as a public institution.

Now, in a state that is often deeply divided by its regionalism, NJN is the only statewide network. And I emphasize that -- statewide -- because I'm trying to prove why we're an anomaly -- statewide. And it's been dedicated to bringing every part of New Jersey to every other part of New Jersey, and that mission has been unmatched by anybody in the private sector. Commercial-rich stations that have their footprint in New Jersey -- they don't do it; they have the resources, they don't do it.

Nonprofit public stations in New York and Philly, that have far more resources, for 40 years have chosen not to do it. They've got far more financial resources, and still they choose not to do it. If you wait for them, you don't need a crystal ball -- it's not going to happen.

So NJN has this truly unique mission, which is to provide New Jersey with both the local content of the PBS ilk, but also straight news and public affairs that is typically provided in all the other parts of the U.S. by a local, commercial network affiliate. Most PBS local stations do very little state-focused, original production, and I think only Oklahoma has a local PBS station that produces a daily news show like NJN, where they actually go out, collect footage, put (*sic*) a show like a commercial network would do.

And all of our other programs -- from news and public affairs, to documentaries and educational programs about the arts, history, and environment -- they're all very substantive pieces at PBS-level quality. But their production style was based on going out and collecting footage with

field crews and writers and reporter, and they're venturing out over the entire state, and not just a city and its suburbs. Because typically in a commercial affiliate that's what they're going to do. Geographically, they're just going to stick to that metropolitan market.

Now, whatever new system or new gear or type of production, whatever change there is in NJN's future, the organization is still going to require a wide range of experienced and capable professionals to efficiently gather and produce quality information on topics statewide for viewers statewide.

Now, if I may just briefly say: When I talk about statewide, in our Tuesday hearing there were some other models suggested. And you've got to think of the notion of statewide two ways: There's statewide distribution and dissemination -- so that's a benefit to a state, because the rest of the state is sharing one common -- or receiving one common, steady diet of news, public affairs -- the kind of information that those citizens need. So Assemblyman Greenwald, when you mentioned the station in Cleveland: They became a private entity -- a nonprofit radio station and a TV station merged -- but that was just the one in Cleveland. And when I did a little research, they are one of 12 PBS stations that then become the Ohio Channel. So it's a broad system; it's actually -- Ohio itself has 12 PBS stations, and they disseminate some of the C-SPAN-style coverage of what goes on at the statehouse, legislature, and the hearings -- which is great. But if you think about it, that's statewide dissemination -- that's distributing statewide. NJN does that, too -- we reach statewide.

But there's another definition of statewide, and that's the collection of material. In the case of the Ohio Channel, that's going out

statewide, but everything takes place in the halls of legislature or where there's a press conference. What NJN does differently is, we're not only providing the dissemination statewide, we're also going out and collecting statewide. We're visiting towns in every county in the state daily. And that's labor intensive, but that's also why we have this big commitment to stay connected to the state, because we feel that we not only cover what happens in government, we've got to cover nonprofits, we've got to cover companies, we've got to cover citizens; we've got to go out and collect information and share not just what happens in Trenton, but all over the state. So we're doing both parts of that statewide mission. And that's what really, really sets us apart from even other PBS stations that have 10, 20 times the resources that we do.

And I would just hope that I could clarify that this is what makes us so different, because in other PBS stations, they don't even bother with news because there's usually a commercial affiliate just down the block. So why bother? So PBS stations all across the country don't bother with that business. And it's very labor intensive, and it does require resources.

So the Task Force has to keep that in mind when you want to compare us to other PBS stations. Because we're doing the work of a commercial news network as well as a PBS station, in addition to other things like education and all that.

I'm sorry to--

SENATOR GILL: No, keep going.

MR. SZUTER: --veer off there.

SENATOR GILL: No, that's very important.

MR. SZUTER: Okay.

SENATOR GILL: I was going to question you about that.

MR. SZUTER: Just two more bits here.

SENATOR GILL: Go ahead.

MR. SZUTER: So now as the media landscape changes, multiple platforms of distribution need to be expanded on and developed at NJN. But those multiple formats require that original content still be gathered in ways that lend themselves to these multiple forms of expression and craft. Everything gathered around New Jersey needs to be looked at as raw content that can then be used by writers, producers, and editors in the worlds of television, radio, new media, webisodes, web series, educational interactive use. That's doubling and tripling the output, which is something that the Media Corporation -- our new transformation if we had the investment -- that's definitely what we would be shooting for, is using every piece of raw content more wisely and in multiple ways. This widening of the creative delivery world will mean that more content will be made, and produced content in all forms will be distributed on multiple platforms that reach divergent and wider audiences.

But these forms of delivery still require professionals on the creative side and the technical side who share the mission of the current NJN professionals, but who also have honed the skills particular to their own medium -- whether that be radio, or new media, educational, web site design, social media promotion, and content management -- all those things that are part of this media upheaval.

A new NJN that expands its reach and delivery systems would be best served by expanding its professional teams as well, with an eye

towards teaming some current employees ready to shift gears with newly added professionals who bring their craft and technology skills into the NJN camp.

Now, created in the broadcast age, NJN was a noble experiment by the State to rectify the poor service of the media marketplace to the citizens of New Jersey and answer to a media void with a truly unique PBS station -- one that puts its local audiences first. While the digital media marketplace unfolds with opportunity, New Jersey again finds its media choices slim, based on the whims of the marketplace. But NJN has the trusted professionals and the production experience to renew this mission of service, and make it expand exponentially on multiple formats and in new ways.

Now, when we talk about this New Jersey Public Media Corporation, we feel that NJN could be a more effective media provider if it was transformed into a more autonomous public authority. It is imperative, though, that this connection to the State remain permanent, because this solidifies fundraising and mission campaigns that are built on the premise of a long and stable level of professional service to New Jersey's citizens.

NJN should be revitalized and branded as a service-oriented public institution, like a utility; one that should be invested in, and maintained for the broadest public good. Now, this plan will require a continued investment on the part of the State in the short-term, but that investment is designed to stabilize NJN through a period of growth, and one that will repair some of the organizational damage done by over 15 years of poorly managed resources. There were private monies coming in; I personally would say that they were poorly managed.

That initial investment will then retool NJN's production efficiency, giving the organization the time and the capital to upgrade equipment, increase production of local programs, and make NJN both sustainable as an operation and attractive to public funders. And I would just say: If you really want to have more private funding -- and you're talking about a very labor-intensive, resource-intensive system that is completely dedicated to this concept of statewide -- serving statewide and collecting statewide -- if State government has no interest in providing any funding to that mission, what private funder would? My point being that if the State of New Jersey is not interested in building State community, State pride, and supplying State information, how do you go out to the private world if the State isn't at least willing to commit that seed money and put their money where their mouth is? And if they feel that it's a very valuable thing to all the citizens of New Jersey, if the State does that even in tough times, that's something that tells funders, "This organization is like an institution, it has value, and I'm going to put my money there because I know there's going to be a long-term, beneficial return to the citizens of the state."

This would be the wrong time to end this noble experiment and give NJN away, or let it continue to starve. The need for NJN's services has not gone away; if anything, reliable and grounded information for New Jersey citizens is more necessary than ever. State pride, State identity, and statewide unity are needed more than ever. A new NJN, retooled and powerful in its reach, could be on the eve of becoming a reality. A new statement of commitment and support will reinvigorate this mission, and

once again turn NJN into a unique PBS station that puts its citizens first and brings New Jersey's stories to everyone in the state.

Thanks very much. (applause)

SENATOR GILL: Thank you.

I just have one question that I think is very important -- is the uniqueness. It probably kind of got lost, because it got lost on me, that in all the other PBS examples there was a commercial enterprise station that covered other issues in the state, and New Jersey does not have a commercial station that covers New Jersey. Is that one of the anomalies you were--

MR. SZUTER: Yes, very much so, and even if it does have a commercial affiliate.

SENATOR GILL: A commercial affiliate?

MR. SZUTER: Say, like in Secaucus, for instance. Often, those stations inevitably -- if you monitor the programming, all the attention is turned toward New York.

SENATOR GILL: So is the terminology *commercial affiliate*?

MR. SZUTER: Well, I guess I would say *commercial network affiliate*.

SENATOR GILL: Okay.

MR. SZUTER: I use the phrase *commercial* just to discern between public stations, public nonprofits -- whether they're licensees or State agencies -- but also commercial stations, in the sense that any licensee that can run commercials, collect, make a profit, and-- Two different worlds.

SENATOR GILL: I think that's-- For me, that was a very important issue.

Any questions?

ASSEMBLYMAN DeCROCE: I'd just like to make a little bit of a statement.

I appreciate what you've said, frankly. Please understand that if the economic conditions in the State were good, and the financial condition of the State was strong, we wouldn't be here. None of us really wants to be here. The reason we're here is to try to protect the station the best we can, and to look for areas or ways in which we can do that, if possible. Unfortunately, the Administration has deemed -- the fact that money is so tight that they want to look at other avenues with regard to the station. But if we can come up with some ideas in order to continue what we've had over the years, I'm sure we all want to attempt to do that and protect as many people as we can.

MR. SZUTER: I appreciate that.

SENATOR GILL: Senator Van Drew.

SENATOR VAN DREW: Just briefly, and then I would associate myself with what the Minority Leader and the Chair said as well: While everybody really does want to keep you all in business, it's figuring out how to do it. I mean, he asked the question: Does New Jersey want to keep its commitment to this? The answer is yes, but we are in uniquely, unbelievably difficult fiscal times. Never before in history has something like this-- And you're also right that never have so many people, the people of New Jersey, been underserved by media markets because of this very particular situation we are in between New York and Philadelphia. We get

it; I believe we understand it, but the bottom line is: We don't have money. So the real trick here is to figure out-- I mean, I keep reemphasizing this, but we all know it: What are we going to do so you can survive in the short-term and the long-term? You've laid out some good ideas about more flexibility and so forth -- I think that's very good. We have to find a short-term source of money as well, and the Chair kind of gave one idea of looking at existing fees and utilizing some of them; and I think that's a really good idea and hopefully we can do that. Assemblyman Greenwald spoke on that as well.

The bottom line is: We can't charge people more, and we can't tax them more, so we're going to have to look at what we have. And the second bottom line is: It's not that the commitment isn't there -- I mean, I just want you to all know that. This is just something like we've never seen before. But we have to keep the mission somehow. That's why we're here, that's why we sponsored this legislation -- because New Jersey will be underserved. That's one issue I believe everyone can agree upon, that if we don't do something, New Jersey will be vastly underserved as far as their news and their information. When you're down in South Jersey, I hear about Philadelphia. When you're up in North Jersey, I hear about New York City. And we very seldom hear about the State of New Jersey.

We have to continue to do it, and we've got to do it a lot better.

Thank you, Chair.

SENATOR GILL: You're welcome.

Any other--

MR. SZUTER: Can I just briefly--

SENATOR GILL: You certainly can.

MR. SZUTER: --respond? It's just that from our point of view, as well, we-- It was a long-term degradation, but now we are caught together in this unique time. But that is also one of the reasons why we're just saying to the Task Force: Be very careful before you choose the option that disconnects this network from the State. Because once those licenses go, even a well-meaning private group that really intends to do this mission-- If no other PBS station is doing this level of service, and you consider it important to have news, public affairs, and documentaries -- that level of production -- I can guarantee you it will not happen. Even the heavy hitters in PBS have to make their choices about which types of media they're going to do. And like I said, NJN and the station in Oklahoma are the only ones who commit to doing, let's say, a daily news show. Not that that's all we do. But I'm saying -- if there's any way that you could foresee that we can weather this through.

That's why when-- I guess I'm just trying to answer the idea of not using -- disconnecting from the State, and transferring as a quick fix. Because, essentially, when you do that you'll never get it back. And I would think that even well-meaning private groups may not find a model to deliver what we deliver now. They will, probably, be a decent PBS station in some capacity, one way or the other. But most PBS stations do not focus on local content and local production. And I can tell you that would be gone. So if that's important to you, just keep it in mind.

But we are definitely very intent on trying to pick and choose what we have to lose, what we have to focus on, and even what we have to

grow and expand in to deliver more. And that delivery, I believe, will then mean that more private funders would be interested in investing in NJN.

So maybe we are going through a crisis that actually just transforms the station, but in a way that makes us even more attractive, and more appealing, and more effective in reaching all of the state. That would be my hope. But if you're very interested in the mission, I think you have to do your best to keep that connection to the State, because it doesn't travel to the next owner.

SENATOR GILL: Or as the elders would say, "We must be careful not to throw the baby out with the bathwater." And to understand, also, that it is -- the bottom line is not just dollars, although dollars are important. But our bottom line has to include the value of what NJN and the workforce has done.

There is another crisis that makes it even more important, I think, and hopefully will be included in our evaluation of what goes on. The newspapers are declining. And so even with respect newsprint, our State may not be covered in the way that it normally is. And so NJN is really very crucial. And as we go along, I'm quite sure in our deliberations that we will remember that -- that not only will we not be serviced maybe to the degree that we want in terms of New Jersey-focused news, but that the print media is also going through a catharsis of sorts.

MR. SZUTER: Yes.

SENATOR GILL: And if we do not approach it in a more deliberative fashion, New Jersey may well be with limited coverage in the print media, and very little coverage in the TV media. And so it's a conversion of things and how can we-- Because this is about money, yes,

but this is more than money; because it can create an avenue to make New Jersey not only a destination spot, but this is an investment in the creation of more revenue through a larger, expanded, and creative force in how we talk about New Jersey in the media, and what we project.

So when I started this I thought it was simple. And there really is much more to it than just transferring a license.

I'd like to thank you very much for your testimony.

MR. BURDGE: Thank you.

SENATOR GILL: Any further questions?

ASSEMBLYMAN DeCROCE: Thank you.

SENATOR GILL: Thank you.

Next witness.

MR. DONAHUE: The Task Force calls as the next witness Ms. Donna Richards, on-air fundraising manager at NJN.

D O N N A R I C H A R D S: Good morning, everyone, Madam Chair.

SENATOR GILL: Good morning.

MS. RICHARDS: Thank you for this opportunity to speak.

I'm Donna Richards; I work in NJN's Membership Department as the on-air fundraising manager. My official title is producer/director, so I don't really have any managerial authority, however.

In order to do on-air fundraising effectively, it must be an integral part of a much larger marketing and development strategic plan for it to meet its full potential. The process has needs that have to be met in order to do everything possible to maximize success regardless of the results. Leadership and management must take an active role in making decisions

and making sure that any and all fundraising efforts have what they need to generate positive revenue results.

Every effort is made to continue -- I make every effort to manage and produce on-air membership campaigns. The process has been pretty much left unto itself. Fundraising efforts at NJN have pretty much turned away from supporting the use of the on-air as part of the overall strategy and planning of how revenue is raised. The only thing left that it does now is pretty much speculate: well, how much will it bring in? So there's just a -- you know, let me have the numbers and then we'll just work it into the plan.

At Tuesday's hearing it was noted that on-air fundraising brings in a net profit of zero dollars. I believe that if the process were measured solely against itself, the numbers would show that on-air fundraising does, in fact, bring in revenue. However, right now every possible expense has been thrown its way to show that, perhaps, it's not worth doing.

But also, creating or exploring ideas that could help supplement revenue to increase the net are usually handled kind of like a hot potato -- it gets kind of passed around, nobody wants to make the decision or deal with it, and it's pretty much dropped. So I guess one would think that, in the current financial downturn that NJN is currently experiencing, all ideas of revenue should be at least considered, and maybe even tested; but instead, many ideas are being dismissed as not worth the effort.

It's very frustrating to often get negative reinforcement when you're trying to come up with ideas, with phrases like, "Well, we can't." "Well, we're not going to do that." "That shouldn't be for us to do." Or, "we're not going to get approval." There was a time when on-air

fundraising was viewed as a cash cow. Now it's just cash flow -- a way to help pay the bills.

In recent years the process has been allowed to deteriorate under the pretense of cutting expenses. Investing in programming and the promotion of the network and its revenue-generating resources has pretty much taken a back seat.

Effective means of measuring success have been replaced with elaborate and seemingly less-expense software and database systems that are incapable of providing much-needed information or performing to help generate higher returns on investment.

Because the on-air fundraising process is driven by programming, it is essential to be able to track how you acquire individual donors by the programs they watch or listen to. So you need to be able to generate reports that will give you information like: at what times do they like a particular kind of program? Which incentives or thank-you gifts are most popular? In order to plan future efforts, you need to be able to look at past program performance: How much revenue did a particular program raise over a given period? Which time slots worked best for those programs? Did the program meet or exceed its necessary goals?

So at present, none of these resources are now available in an easily accessible form so that informed decisions can be made for subsequent on-air campaigns. Some of those needs include a tracking system, which we used to have in place. The system that houses past information that could still be useful in future information was dismantled and it now lives in the basement.

So if on-air fundraising is expected to perform in a way that is going to be successful, I think some of these things that have been pushed aside and pushed away need to be reinstituted. The idea that maybe we're not going to do this anymore needs to be revisited. I mentioned to one of my superiors a couple of weeks ago that I didn't understand how I'm pretty much responsible for this task, and yet there are discussions on how to manage the process, issues that deal with it, ideas and questions, and at this point none of those discussions ever include me. I'm not sure how that can be.

On-air fundraising is what's called an *acquisition tool* that PBS developed many years ago. The idea was to appeal to the viewers and listeners to encourage additional financial support in return for the quality programming and services that only public broadcasting provides, in essence making it a service worth paying for.

The objective of the on-air appeal is to build or acquire a database of donors that could then be cultivated into becoming annual renewing supporters -- mid-level donors, business members, and perhaps there could be some in the database who could be found to be major donors.

My duties are limited to the on-air effort of bringing people in -- and it's not really any further than that -- with follow-up cultivation for any of these other things.

National PBS documentation states that pledge or on-air fundraising drives represent the largest source of new revenue for stations. According to the PBS Index of Fundraising Performance, pledge revenue represents approximately 35 percent of the median total station

membership revenue. I'm going to say it's probably a lot higher than that for NJN.

Why conduct on-air fundraising drives? One: to solicit financial support. Two: to communicate directly with viewers and potential and existing members. Three: to convey the mission and goals of the station. Four: to build and reinforce relationships. And five: people give because of the programs that we provide.

I understand it's no secret that today's economic climate has put a substantial damper on charitable giving. I'm connected with colleagues and counterparts throughout the PBS system who are all suffering the effects of today's financial climate. We share with each other the endless struggle to come up with new ideas and strategies, what programs seem to work and which don't, in order to at the very least continue to bring people in the door. Get their names in the database and ready for cultivation.

Fundraising in and of itself is challenging enough. But when you have a valuable resource like the people of New Jersey, who you are afforded the unique opportunity to connect with in a really big way, but instead you prefer to dismiss them, then who are we really here to serve?

I've been at NJN for 29 years, and somewhere along the line NJN's mission -- to serve the people of New Jersey -- became my mission. This is what I do, and what I have done for the better part of those 29 years, through programs I have produced and programming that I've put on the air. So for me it's not about who has the biggest wallet to buy in; it's about serving the citizens of New Jersey.

Thank you. (applause)

SENATOR GILL: Don't leave.

MS. RICHARDS: Excuse me?

SENATOR GILL: Don't leave yet.

MS. RICHARDS: Oh, I'm sorry. (laughter)

SENATOR GILL: Do you have any questions? Any statements?

Well, I know that we certainly thank you.

So if you had a better mechanism, then you're saying the on-air fundraising would reflect a better return?

MS. RICHARDS: Yes.

SENATOR GILL: And that, for one reason or another, the process for tracking on-air fundraising -- for attracting fundraising has not been available, through no fault of your own, at NJN in order to do it more effectively.

MS. RICHARDS: Correct.

SENATOR GILL: And so that when we look at -- because I was the one who brought up the zero--

MS. RICHARDS: Right.

SENATOR GILL: Okay? So that even if there was a number of zero, that does not reflect the effort that you put into it without the necessary tools to do your job completely.

MS. RICHARDS: I believe so, yes.

SENATOR GILL: And so for all of those involved in on-air fundraising--

MS. RICHARDS: One.

SENATOR GILL: I apologize. (laughter) Because you have now explained it, and that's very important, because the numbers may say one thing -- absent the experience and dialogue, we may have a different perception. So for working in a climate where you don't have all the tools, but you still continue, we thank you very much for it.

And I guess this does not-- Without having the proper tools, you don't have the information to cultivate the information as to which programs people are contributing to, which programs may need help to designate--

MS. RICHARDS: Well, on a day-to-day basis, I can get that information. I can look at the numbers and see I had 35 viewers who liked this show versus 12 viewers who liked the other. But the idea is, over a period of time you want to be able to look at those program performances, see what kinds of programs people like during certain times of the year, certain times of the day, where the money comes in. And in being able to do that, then you can track -- when you go to do, and set up, the programs for the next drive -- what kinds of programs are people watching at this time of day, or what kinds of programs are getting people to pick up the phone or go to the web site and make that contribution. Right now I don't have that mechanism in place anymore. It's a crap shoot right now.

SENATOR GILL: Did you ever have the mechanism in place?

MS. RICHARDS: Yes, I did.

SENATOR GILL: And when you had the mechanism in place, the on-air fundraising was more robust?

MS. RICHARDS: Yes, it was. Like I said, it was considered a cash cow -- you go on the air, you put the programs on the air, you're doing the marketing for the programs, you're attracting viewers to the shows.

SENATOR GILL: And so you used to have the tools?

MS. RICHARDS: Right.

SENATOR GILL: Why were the tools no longer made available?

MS. RICHARDS: Well, certain systems that we put in place were a little more costly than others. But the organization felt it was necessary to have one type of software initially to coincide with the other. But eventually, the costs are too high so we have to replace one with the other. So a very costly system stayed in place, and some of the lesser expensive systems were just dismantled.

SENATOR GILL: Interesting.

MS. RICHARDS: But in the process of the on-air fundraising-- Again, on-air brings in new members. It's the mechanism for bringing people in the door. But if you can't track how you're getting those people in the door, how do you cultivate them at the next step? The piece of equipment that we have now is supposed to be the tool for cultivating, but if you don't know how you're bringing them in, in the first place, how do you go forward with cultivating? So the cultivation is not being done because we still aren't able to track anymore how we're bringing them in.

SENATOR GILL: Thank you very much.

Any questions?

Senator Van Drew.

SENATOR VAN DREW: Just one real quick one, more of a statement. I state the obvious what everybody up here is thinking: You need those tools. I mean, whatever we're going to do in the future with NJN, you obviously should be -- I really am stating the obvious -- on the cutting edge of being able to raise money, reach people. There's a lot of folks who support the type of programming that you have--

MS. RICHARDS: Right.

SENATOR VAN DREW: --and the information that you give. And shame on us, not you.

But shame on, just as an entity, that somehow we've gotten to this point. We should be the best at doing it. If there's anything-- I know we're going to do a lot with this Task Force, but that certainly is, I think, one of the issues we're going to have to at least direct people in a substantive way -- on how to raise the maximum amount of dollars during a very difficult time; and which has also been very difficult. Again, it really doesn't relate to you -- but during a time when we need more and we need help, the Foundation is actually producing a lot less. And that's very problematic, because that makes our situation even more exacerbating.

MS. RICHARDS: Right. But again, you know, on-air fundraising is supposed to be a part of the larger development plan--

SENATOR VAN DREW: We have to do this way better.

MS. RICHARDS: --that integrates, you know, with all of the rest of the flow of fundraising to maximize everybody's efforts. But right now, on-air fundraising -- and it is on the Network side, not necessarily on the Foundation side. I am a State employee--

SENATOR VAN DREW: Right.

MS. RICHARDS: --but I'm on loan to the Foundation in order to raise money through the on-air. But that aspect has been separated out from the Foundation side.

SENATOR VAN DREW: I'd like to see us be the best in the country at doing it.

Thank you, Chair.

SENATOR GILL: Thank you.

Minority Leader DeCroce.

ASSEMBLYMAN DeCROCE: I have one question for you.

MS. RICHARDS: Sure.

ASSEMBLYMAN DeCROCE: When you're raising money, what is the cost to you -- to the station -- for each dollar raised? Not how the net amount of money is spent, but what does it cost to raise that dollar?

MS. RICHARDS: That's a financial question I can't answer.

ASSEMBLYMAN DeCROCE: I mean, you bring people in--

MS. RICHARDS: Right.

ASSEMBLYMAN DeCROCE: --and you have people who are on phones, you have people who are--

MS. RICHARDS: Right. I can probably tell you what some of those costs are. I can't really tell you the numbers.

ASSEMBLYMAN DeCROCE: Okay.

MS. RICHARDS: Again, if it's measured solely against itself, I believe--

ASSEMBLYMAN DeCROCE: What I'm trying to get at is: Are we making 60 cents on a dollar to put towards the cost of the program?

MS. RICHARDS: Oh.

ASSEMBLYMAN DeCROCE: Or making 80 cents, 90 cents? What might it be?

MS. RICHARDS: I would say 60 cents, I would say. If it's measured against itself, I would say we're making 60 cents on a dollar.

SENATOR GILL: Do you bring in other things that are valued? Say you have 60 cents on the dollar, but then you have a thousand people who may have joined on-air that you can follow up with later. So you have the dollar amount, and then you have the potential to cultivate--

MS. RICHARDS: Right. Then there's the potential to cultivate through the direct mail, then asking them to renew the next year. Or you're sifting through the database to find, you know, potential larger givers.

SENATOR GILL: Any further questions?

Senator Greenwald.

ASSEMBLYMAN GREENWALD: I'm going to be promoted by the end of the day.

SENATOR GILL: I'll tell you. (laughter)

ASSEMBLYMAN GREENWALD: Somewhere Jim Beach is having a heart attack.

SENATOR GILL: (indiscernible), you know, I'm in South Jersey. (laughter)

ASSEMBLYMAN GREENWALD: I've enjoyed listening to you and Bob very much. Bob has raised a very coherent concern that if we were to stop investing in NJN, that it would be a challenge to the fundraising. Do you agree with that statement? Or could a new form-- When I hear him speak -- and he's very passionate about it, he's very good

-- I agree the content should be the same. I don't know why this opportunity can't be preserved to protect the content in a different structure. So that's why my questions always seem to be focused on structure. But if that structure were to change, would that new structure not be able to raise the funds? What would the challenge be, from a fundraising standpoint, if the content, which people supported, were to remain?

MS. RICHARDS: If the content remains the same and we do what we need to do to promote what that content is -- to get the word out to people that we have this content -- I think we could continue to raise money through our content. But there is a piece to on-air fundraising that NJN does not do right now, that most, or I should say many, other PBS stations do. They create local programs specifically to fundraise around. There's a format to fundraising programs that make them designed to fundraise. NJN has not, and does not, create fundraising programs.

ASSEMBLYMAN GREENWALD: It's a very good point, and it's something-- I'm sure there's a reason why, but it's something that we have to evaluate, going forward.

MS. RICHARDS: Right, okay.

ASSEMBLYMAN GREENWALD: Thank you.

SENATOR GILL: Do you know why NJN doesn't create the local programming for fundraising?

MS. RICHARDS: I don't know why. It's another one of those ideas that gets thrown around, but it just isn't something that gets done.

SENATOR GILL: And so this idea is not something that's out of the box, but this is an idea that's--

MS. RICHARDS: Right, that many other--

SENATOR GILL: --used by established--

MS. RICHARDS: --PBS stations are currently using. And a lot of times when we're sharing our results amongst our colleagues and around the system, around the PBS system, a lot of times those programs that they are locally producing are their 4 out of 5, or 5 out of 5-rated -- top-rated revenue raising productions or programs.

SENATOR GILL: So by not creating the local programs, we have failed to participate in a source of revenue to sustain the station.

MS. RICHARDS: Right. But at the same time, part of that argument might be the cost for the production of that programming to begin with. But that's something that needs to be explored, whether or not the cost of the project at the outset is going to then bring that back and then some, if you use it as a fundraising vehicle.

SENATOR GILL: Which goes to Minority Leader DeCroce's question about how much you get a return on what you--

MS. RICHARDS: Right.

SENATOR GILL: --each dollar you bring in.

Thank you very much.

MS. RICHARDS: Thank you.

SENATOR GILL: Those are all the invited speakers. We open it to the public. If there are any further comments from the public.

J A N I C E M. S E L I N G E R: (off-mike) Would you like me to (indiscernible) I can answer some of the questions?

SENATOR GILL: If you can answer some of the questions, if you want to bring up other issues-- I saw someone raising their hand? Oh.

Mr. Donahue: For the record, this speaker is Ms. Janice Selinger of NJN.

MS. SELINGER: Yes, and just rather recently the Acting Executive Director and Acting President of the Foundation. So I'm new to that role.

I wanted to first talk about the employees -- there was a question early on. We do have 31 total employees who can retire with full benefits; 21 of them are union members. Although I think a lot of them have no intention or desire to retire.

ASSEMBLYMAN GREENWALD: Madam Chair, Madam Chair.

SENATOR GILL: Yes.

ASSEMBLYMAN GREENWALD: I'm sorry, could you give that number again? I didn't hear it.

MS. SELINGER: Yes.

ASSEMBLYMAN GREENWALD: Thirty?

MS. SELINGER: There are 31 total employees--

ASSEMBLYMAN GREENWALD: Who could--

MS. SELINGER: --who could retire with full benefits.

ASSEMBLYMAN GREENWALD: And the second number--

MS. SELINGER: Twenty-one of them are union. But again, I'm one of the 31, so obviously I'm working; and I think a lot of us would like to continue to work, but they do have that ability.

There are another 23 people who have the years, but not the age, and 21 of them are union employees. So they're, again, people who

could retire with penalty. But then, again, that's not something I think that a lot of them would like to do.

I wanted to also point out: there was a question about us and how we're kind of unique. And I also wanted to, Assemblyman Greenwald, answer some of your questions about the other stations.

We are in the number one and the number four media market, with Philadelphia and New York there. We're also an overlap -- that's an overlap situation -- but we're also something that's called a PDP station, which means we only air 25 percent of what PBS programming is. So a lot of the other stations that we will be taking a look at and giving you some more information about -- like Maryland, for example -- is a full PBS member, and they are not a joint licensee like we are, and they do get state funding.

So we aren't going to be saying that New Jersey or NJN is totally unique, because there are some models out there that we are investigating. And we'll get that information to you before the next hearing. But there are some things about our situation that are, in fact, unique, so I just wanted to let you know that.

As far as -- I think the question was: What could we do? We are a really creative group of people. I don't want anybody to think that our people are not creative, and that we're not doing things on new media. Last night, Zach Fink's DRPA story -- you know, he was sending out Twitter notices on that; and we're doing things on the web, and we're doing webisodes, and we're out there creating some really interesting content. So we are doing things in different ways.

We are taking a look at how to raise some more money. That's something that, again, I'm new to this particular role. I've worked with the Foundation in my previous role as Deputy Executive Director for Production and Acting Chief Operating Officer, but I'm new to the Foundation. Actually, I had a meeting yesterday to talk about what we could do. One of the things that I clearly want to do -- and I think Dudley referenced the fact that we took a little trip to look at some other stations -- I want to modernize what we can do with our news equipment, and I'd like to find some foundations that would be interested in giving us money to support that. And that's about -- for news, our engineers have said that's about \$1 million. We could really make a huge difference with that kind of investment.

And there's some other funding that we would like to do as well. I know that it was talked about, as far as what Detroit was able to do with trying to do a capital campaign. I think that's something that's really, really important to do. If you can do it in a city like Detroit, even in this economic situation, I think there's a lot that can be done.

I also attended, I guess about a year or so ago, a meeting with some other PBS programmers. And one of the programmers said to me, "You really have a great opportunity in New Jersey because of the wealth for planned giving. You're really leaving a lot of money on the table, you know." But that is something that's not fast; it's a long-term goal to be able to do that, but it's an important thing to do.

And I have something that I talked about when I briefly sat in this seat as temporary Acting Executive Director after Kent retired -- was the idea of doing a concert. I would love to be able to do a benefit concert

for NJN, maybe with another nonprofit, with one of our major New Jersey celebrities. I think that would be a way to generate revenue and get the word out about NJN. So I mean, we're--

And I also do want to tell you that I know there was a request for what we could do to be forward thinking and what we could do to come together with this. And we are diligently working on that -- but obviously I just got that request on Tuesday. So I will--

SENATOR GILL: Too bad, because I've been making it for a while--

MS. SELINGER: --try to get--

SENATOR GILL: --so it's not because it hasn't been made.

MS. SELINGER: Oh, no, no. I'm just saying me, personally.

SENATOR GILL: Right; you, personally.

MS. SELINGER: I just personally got that request. So we are working on doing that, and we will get you, certainly, some information on that before the next hearing.

I suppose the other thing-- What Donna did comment on: Yes, I mean, we did have some attempts over the years to try to do some fundraising programming, and I think that would be a great thing to do. We had an instance -- it wasn't something we produced locally -- but we had a program called *The Borinqueneers*, and we had Sam Delgado from Verizon who came on and did a pledge drive with us. And he called out to people right on air, and we were very successful with the money that we raised with that particular program. So I do think Donna's right: that there is an opportunity to do more, to try to create something that will appeal to our viewers and get people to contribute.

SENATOR GILL: We were just talking about how much fun that was, because you'd have different people who you'd know who were doing the on-air. Local-- I mean State, but local (indiscernible), and you'd call in and pledge because the person-- Yes, that was-- I wasn't on, so this is not a political endorsement; it's just that it used to be fun. And you would call in because you knew the particular person. I think one time the Secretary of State was on, and we called in and-- That was really very good.

Any other questions?

ASSEMBLYMAN DeCROCE: None.

SENATOR GILL: Well, any other public comment? (no response)

Thank you very much. We will-- Our last and final meeting will be September 23 in Montclair at the Municipal Building on Claremont Avenue. And we will discuss asset valuation, programming, and any other issues that we have not discussed. And then we will come together to deliberate and issue a report.

So thank you very much. The meeting stands adjourned.

(HEARING CONCLUDED)

APPENDIX

Testimony on Labor Relations and Work Force Issues at the New Jersey Public Broadcast Authority

By

Patrick Kavanagh, President CWA Local 1032

September 16, 2010

Today I would like give you a brief overview of labor relations at the New Jersey Public Broadcast Authority (NJPBA), touch on union representation in the broadcast industry, describe some relevant portions of previous privatization proposals at the NJPBA and elsewhere, and discuss in some detail the job security and privatization provisions of the CWA/State of New Jersey contract.

Unions and Labor Relations at NJPBA

Currently, CWA Local 1032 represents about 95 employees of the NJPBA. We also believe that a statute enacted earlier this year gives us the right and responsibility to represent another five employees. Certainly those five employees are anxious to become CWA represented.

There are a total of 129 employees of the NJPBA and we believe another 19 employees of the Foundation for New Jersey Public Broadcasting (Foundation). The International Federation of Professional & Technical Engineers (IFPTE) Local 195 represents another 15 NJPBA employees; so the big majority of NJN employees are union represented.

The statues establishing NJN makes all employees, except for a few clerical employees, unclassified employees. While unclassified employees are covered by a few aspects of Civil Service regulations such as classification procedures, most NJPBA employees are not covered by Civil Service testing, disciplinary, appointment and layoff procedures.

In the case of discipline and layoff the union has negotiated contractually binding procedures with the state for all unclassified employees including those employed by the NJPBA.

We represent a broad group of NJPBA employees including editors, master control personnel, camerapeople, information technology workers, equipment repairers,

writers, producers, clerical employees, directors and on-air employees working in the radio, tv, and new media aspects of NJN. Attached is a list of the CWA represented titles in use at NJPA; I must tell you that the job specifications for these titles are at least 30 years old which makes them ancient in a dynamic industry like broadcast/media. The names of the titles don't reflect very well the technology used or the duties done by our members today.

CWA represented staff are distributed through the four major bargaining units that CWA has in the executive branch - administrative/clerical, professional, primary supervisors, and higher level supervisors. Our members are concentrated in the administrative/clerical and professional units. NJPBA is a comparatively "flat" organization with few actual supervisors. Indeed, several titles assigned to our supervisory units are not supervisory in the sense of being supervisors on a on-going basis but rather they assign work relating to particular projects. There are few "middle management" positions to eliminate. There remain a number of unrepresented managers, particularly in the Foundation, which historically has been a haven for highly paid managers.

At the level of day to day operations at NJPBA, labor relations are good. Most disagreements concerning working conditions are resolved through discussion. Formal, written grievances are rare; no dispute from the NJPBA has ever been appealed to arbitration.

Disciplinary action is also rare at NJPBA with two such actions, one of which was a written reprimand, in the last 15 years.

The good labor relations climate at NJPBA is due to two factors: a management that is open to resolution of disputes and a workforce that is incredibly conscientious and flexible. The first priority of staff at NJN is to get the job done. They work rolling or flexible schedules that are characteristic of the broadcast industry and are not similar to other state employees. Most staff have years of service at NJN and have learned many new skills during their tenure to adapt to changing technology and organization of work. With the continuous reduction of staff for many years, many staff members perform two or three distinct functions. Additionally, many work part-time in the commercial broadcast and production industries where they have gained additional advanced skills.

Unions in the Broadcast Industry and Public Broadcasting

Broadcasting, particularly in the New York and Philadelphia markets, is a highly unionized industry. Employees at most local stations and national networks in this area are represented by unions. Major unions included CWA/NABET (National Association of Broadcast Employees and Technicians), IBEW (International Brotherhood of Electrical Workers), and AFTRA (American Federation of Television and Radio Artists) represent broadcast employees in our region.

In particular CWA/NABET represents network employees at ABC, NBC, ESPN, Fox, and CNN. CWA/NABET frequently bargains for its members concerning the introduction of technology and also provides training for its members in new technology.

CWA/NABET and other CWA affiliates represent workers at a range of public broadcasters including PBS, NPR, WGBH (a major "producer" station), KQED (producer station) and local public broadcasters throughout the country.

Regional public broadcasters WNET, WNYC, and WHYY have employees represented by IBEW and AFTRA.

CWA Local 1032 is thoroughly prepared to bargain for our members with a more independent NJN. We have considerable organizational resources to bargain a broadcasting/media industry collective bargaining agreement.

History of Privatization Proposals at NJN and Elsewhere with Emphasis on Workforce Issues

Prior to Governor Christie's proposal to privatize NJN and end state funding on 1/1/11, there were three other proposals to change NJN to a community licensee – in 1992, 1998, and 2008.

This is a record of privatization attempts has not been approached by any other state and has had a long term negative impact on NJN operations and fundraising. It appears that the Foundation's fund raising ability has deteriorated from total revenue of around \$9 million a year to what Doug Eakeley testified on Tuesday is only slightly more than \$6 million in the most recent year. The failure of the Foundation to launch effective major gift and capital campaigns, the statements of some Foundation board members that they could not in good conscientious ask for donations to NJN prior to privatization, and the consideration of the Foundation Board of putting funds into "escrow" for a new non-profit operator of NJN rather than transferring funds to NJPBA indicates a pattern of the Foundation scaling down operations prior to privatization. (The state Treasurer correctly blocked the Foundation from retaining funds.)

In 1992, a proposal was made to have WNET takeover NJN. That proposal was rejected for the reason that many of you articulated on Tuesday -- that ultimately it would mean the end of New Jersey centric programming.

In 1998, a proposal was made by the Whitman administration to convert NJPBA to a non-profit community licensee. That proposal included provisions for a phase out of operations and phase out of contributions for and by staff into the state pension fund, and certain retirement incentives (20 years or less requirement for retirement health benefits.) CWA Local 1032 engaged in negotiations for a potential successor agreement with an unknown non-profit (Newco). Our membership was highly skeptical of this proposal doubting both the ability of the new non-profit, which they assumed would be a

reconstructed version of the current Foundation, to provide adequate health and retirement benefits due to the greatly increased cost of these items for a smaller non-profit and the financial, management, and fund raising ability of the Foundation to successfully operate NJN. In particular, our members saw no managers at that time on the state or Foundation side that they believed understood the broadcasting industry.

The 1998 proposal ultimately did not move forward, primarily due to the belief that it would not have legislative support.

In 2008, another proposal to privatize NJN was launched by the Foundation. Ultimately the Corzine administration did not support the concept. In response to some of current problems with state operations identified at that time, CWA members began to develop our proposal for a New Jersey Public Media Corporation.

There have been two relevant conversions elsewhere from state operations to non-profit networks – Hawaii in 2000 and Oregon from 1993 to 2003. In the case of Hawaii the conversion was sudden, precipitous and disastrous for employees with two-thirds of staff cut. In the case of Oregon Public Broadcasting there was a ten year phaseout of funding and membership in the state pension fund. Most state employees working at OPB continued employment at the non-profit OPB.

The conversion of employees of Vermont and New Hampshire Public Television from state university employment to non-profit employment did not present the same issues as funding cuts were not involved and employees were able to retain membership in the same pension system (TIAA-CREF). In both of these situations, practically all the university employees involved in public television transferred to the new non-profits.

Job Security Provisions of the CWA/State of NJ Executive Branch Contract.

The CWA/State of New Jersey Executive Branch contracts contains a Job Security Side Letter that provides for certain procedures to be followed in the case of the privatization of a state operation. We believe that the Job Security language of the collective bargaining agreement are applicable to any effort to privatize the NJPBA.

The Job Security language provides that:

- No less than 120 days advance notice prior to serious consideration of privatization.
- A detailed accounting of all costs under the privatization and a comprehensive cost analysis to be provided to the union by the state accompanying the notice of privatization
- The union shall have the opportunity to demonstrate that unit employees will do the same work more efficiently than a private contractor. The state shall provide

to the union relevant cost information necessary to enable the Union to develop its economic position

- The State and Union shall utilize the State Auditor to determine whether substantial cost savings will occur if the privatization occurs. Where the State Auditor determines there is no substantial cost savings, the State will undertake best efforts to ensure there shall be no layoff or adverse economic impact on State employees.

This means that prior to any privatization of NJPBA, the state must give CWA the union the opportunity to demonstrate that the current state employees of NJPBA can provide broadcast services more efficiently than employees of a future non-profit. This can include union proposals to change work organization.

The State Auditor shall determine if privatization of NJPBA will lead to substantial cost savings.

To date we have NOT received any cost information or detailed accounting from the state.

shall have the ability to request additional reports mutually agreed upon by management and the union.

2. The Committee shall have the ability to request regular reports on cost control programs mutually agreed upon by management and the union. Such reports shall address costs of operating the program, activities, savings (including assumptions) and future plans/recommendations.

3. The Committee may also recommend additional measures or alternatives, consistent with the goals set forth above, and the report prepared by the CWA entitled "Good Medicine".

SIDE LETTER OF AGREEMENT #13

Job Security

A. This side letter will confirm the understanding between the parties regarding some of the efforts the State of New Jersey (State) will undertake to lessen the impact of future privatization initiatives or the closing of State facilities that occur during the period from ratification of this contract through June 30, 2011, and which impact on employees in CWA negotiation units. This letter refers to negotiation unit employees who are ultimately laid off at the conclusion of the State's layoff procedures, but the layoff would have to be the result of the State's decision to privatize a function or to close a facility.

B. In the event the State seriously considers privatization or closure of a facility or function that could result in the layoff or displacement of negotiation unit employees, the State agrees to give the Union reasonable advance notice, but no less than 120 days prior to awarding a privatization contract to perform the work or closure of a facility. Accompanying the notice will be a detailed accounting of all costs under the privatization and a comprehensive cost analysis.

C. The Union shall be given the opportunity to demonstrate that unit employees will do the same work more efficiently than a private contractor. The State agrees to provide the Union with relevant cost information necessary to enable the Union to develop its economic position, including public documents involving the RFP, once issued and shall meet with the Union within thirty (30) days of the issuance of the RFP. It is understood that in any event, the decision to privatize is a managerial prerogative that may not be subject to the negotiation process.

D. The parties shall utilize the State auditor to determine whether substantial cost savings will occur if the privatization occurs. Where the State auditor determines there is no substantial cost savings, the State will undertake best efforts to ensure there shall be no layoff or adverse economic impact on State employees.

E. If there is a pending or proposed general layoff, the State shall review existing private contracts for work similar to that of the employees considered for layoff or dislocation. Unless a cost analysis shows substantial cost savings for those existing private contracts, the State will use its best efforts to bring the work performed under private contract (s) back in house and the State shall use the displaced workers pool to keep workers employed while the State determines whether to bring such work back in house.

F. Effective July 1, 2003, when privatization is undertaken as a substantial cost savings, the State Auditor will conduct periodic post audit cost analysis to determine whether or not there continues to be substantial cost savings. Where there is not substantial cost savings, the State shall make its best efforts to bring the work back in house.

G. The State agrees to make good faith efforts that shall include compliance with all DOP regulations to lessen the possibility of the layoff or demotion-in-lieu-of layoff of employees in the negotiation unit. Where practicable, these efforts will be made whenever workers are placed at risk through privatization, or program reductions or eliminations for reasons of economy, efficiency, or other reason.

Consistent with DOP regulations, The State will consider the following pre-layoff actions prior to any permanent employees being laid off or demoted:

1. Hiring and promotion freezes;
2. Separation of non-permanent employees;
3. Returning provisional employees to their permanent titles;
4. Securing of transfers and reassignment to other employment;
5. Filling of existing vacancies; and
6. Voluntary reduced work time and voluntary layoff or demotion.

H. The efforts the State will undertake to alleviate the impact on employees laid off as a result of such actions shall include one or more of the following as appropriate under the existing circumstances and shall be subject to discussions between the State and the Union:

1. Establishing preferential hiring lists with the private employer;
2. Establishing hiring freezes for positions determined by the Department of Personnel to have the same or similar duties and responsibilities at other State locations within the department affected to create openings which will be filled by qualified laid off employees and, if practicable, by employees targeted for layoff, all in accordance with DOP and SAC rules and regulations;
3. Continuing health coverage under COBRA which the State will pay for a certain limited transition period but not less than three months in duration;
4. Providing training for qualified employees to the extent there are openings and laid off employees require training to fill them; and
5. Where there is substantial cost savings, and the State chooses to privatize, the State agrees to use the displaced worker pool in order to lessen the impact of such layoff.
6. Good faith attempts will be made to fill positions determined by the Department of Personnel to have substantially the same or similar duties and responsibilities at other State locations by qualified laid off or demoted employees and, if practicable, by employees targeted for layoff. As practicable, the State shall train "at risk" employees to allow movement from the "at risk" location to work locations within or outside the appointing authority where positions are available. It is understood that all such actions must be consistent with operative law and DOP regulations.

SIDE LETTER OF AGREEMENT #14

Labor/Management Health Care Advisory Committee

1. There shall be established a Labor/Management Health Care Advisory Committee to expedite, on a voluntary basis, the transition of negotiations unit employees from the Traditional Plan and Health Maintenance Organizations to New Jersey Plus from July 1, 1999 through December 31, 2000. The Committee shall consist of four designees of the Division of Pensions and Benefits and four designees to be selected by the CWA. The Committee shall decide on what advice and recommendations will be made in determining the following issues:

a. County-by-County problem solving In-Network establishment with a standard of two doctors within a five mile radius of the covered employee where sufficient providers exist; and at least 75% of the hospitals in New Jersey under contract.

b. For current employees in rural areas where access is less than two primary care physicians within 20 miles, the minimum solution shall be the design of the Traditional Plan.

c. All problems concerning transition cases and pre-existing conditions shall be resolved by having as the minimum solution the design of the Traditional Plan.

2. The Committee decisions shall be by majority vote. Ties shall be broken by the State Health Benefits Commission. The Committee shall endeavor to make the benefits of NJ Plus available to a maximum number of employees in the negotiating units, discuss problems of substance abuse, and shall create conditions to facilitate the movement of State employees and their dependents from the Traditional Plan and Health Maintenance Organizations to New Jersey Plus.

NJN TITLES

TitleDesc	Last Name	First Name
ADMSTV ANLT 2	Datkowitz	Steve
ADMSTV ANLT 2	Matalanis	Alan
Accountant 3	Coleman	Tracye
Administrative Analyst 2	Pennell	Lynn
Administrative Assistant II	Scannella	Janet
Administrative Assistant III	Brodowski	Arlene
Assignment Editor PBA	Peterson	Malik
Asst. Producer/Director PBA	Basalik	Michell
Asst. Producer/Director PBA	Benincasa	Christophe
Asst. Producer/Director PBA	Kotzker	Dari
Asst. Producer/Director PBA	Lockshine	Karyn
Asst. Producer/Director PBA	Mondelli	Patricia
Asst. Producer/Director PBA	Parker	Henrietta
Asst. Producer/Director PBA	Silverthorn	Paul
BLDG MGMT SVCS SPCLST 2	Lester	James
BLDG MGMT SVCS SPCLST 4	Kolaski	John
DP PGMR 2	Rojas	Juan Carlos
Data Processing Analyst 2	Tadzynski	Steven
EXECTV ASST 4	Butterfield	Roseann
EXECTV ASST 4	Goetz	Judith
Eng/Film Editor PBA	Gee	Nichol
GRPHC ARTST 1 PBA	Cermele	Joel
GRPHC ARTST 1 PBA	Ehmann	Fred
GRPHC ARTST 1 PBA	Oleszek	Steven
GRPHC ARTST 1 PBA	Starkey	Charles
Inst. TV Utilization Specalist P	Hamer	Jeffrey
Inst. TV Utilization Specalist P	Rodgers	Edward
Inst. TV Utilization Specalist P	Zombeck	James
Manager Film Services PBA	Wynn	John
NTWRK ADMINR 1	Wolf	Sharon
News Writer PBA	Gallagher	Eileen
OFFC UMTN SPCLST 2	Long	Linda

TitleDesc	Last Name	First Name
PGM DEV SPCLST 2	Yang	Young Soo
PHYSCL ASSETS ENGR PBA	Budd	Kathleen
Princ. Postal Clerk	Graves	Wayne
Producer/Editor PBA	Barra	John
Producer/Editor PBA	Fink	Zachary
Producer/Editor PBA	Henry	Jerry
Producer/Editor PBA	Kosek - Brown	Lynn
Producer/Editor PBA	Mastrogiovanni	Eileen
Producer/Editor PBA	McGuire	Janet
Producer/Editor PBA	Micucci	Margaret
Producer/Editor PBA	Pina-Taylor	Desiree
Producer/Editor PBA	Renner	Richard
Producer/Editor PBA	Richards	Donna
Producer/Editor PBA	Sanchez	William
Producer/Editor PBA	Schultz	Eric
Producer/Editor PBA	Supino	Adrienne
Producer/Editor PBA	Szuter	Robert
SR PRODUCER/DIRECTOR PBS	Coles	Linda
SR PRODUCER/DIRECTOR PBS	Hoyer	Laurel
SR PRODUCER/DIRECTOR PBS	Wallner	Susan
STDO ASST TO DIR PBA	Andersen	Robert
Sr. Film Editor PBA	Carpenter	Cindy
Sr. Film Editor PBA	English	Richard
Sr. Film Editor PBA	Herman	Robert
Sr. Film Editor PBA	LiMato	Lawrence
Sr. Film Editor PBA	Martin	Joseph
Supr. of Mail	Reckett	Anthony
TELVSN BRDCST MNTENCE	Barnhart	Michael
TELVSN BRDCST MNTENCE	Campbell	Richard
TELVSN BRDCST MNTENCE	Chianese	Louis
TELVSN BRDCST MNTENCE	Hartman	Edward
TELVSN BRDCST MNTENCE	Holmes	Harry
TELVSN BRDCST MNTENCE	Obst	Mel
TELVSN BRDCST MNTENCE	Thomas	William

TitleDesc	Last Name	First Name
TELVSN BRDCST MNTENCE	Wick	Robert
TV Cinematographer PBA	Budd	Michael
TV Cinematographer PBA	Dipietro	Mark
TV Cinematographer PBA	Foley	Frank
TV Cinematographer PBA	Hartman	Robert
TV Cinematographer PBA	Horvath	Paul
TV Cinematographer PBA	Kauffman	Aubrey
TV Cinematographer PBA	Neall	Scott
TV Cinematographer PBA	Reisly	J. Jeffrey
TV Cinematographer PBA	Sohr	Kirk
TV Cinematographer PBA	Stollery	Timothy
TV Cinematographer PBA	Wagner	Ronald
TV Cinematographer PBA	Williams	John
Tech Operations Coordinator PBA	Lucero	Nelson
Technical Assistant 1 PBA	Hall	Wesley
Technical Assistant 2 PBA	Constable	Sarah
Technical Assistant 2 PBA	Mastandrea	Michael
Technical Assistant 2 PBA	Nyorkor	Sia
Technical Assistant 2 PBA	Peterson	Marlene
Technical Assistant 2 PBA	Rooth	Peter
Technical Assistant 2 PBA	Scott	Brenda
Technical Coordinator PBA	Bethea	Grace
Technical Coordinator PBA	Chmel	Jason
Technical Coordinator PBA	Herbert	Glenn
Technical Coordinator PBA	Maloney	Mary
Technical Coordinator PBA	Parker	John
Technical Coordinator PBA	Scannella	Patricia
Technical Coordinator PBA	Stone	Steven

Public Testimony by Bob Szuter / NJN Staff

**Legislative Task Force on Public Broadcasting
September 16, 2010**

NJN IS AN ANOMALY

If you believe you will see the same level of production – quality and quantity – on the other side of privatization, then you haven't grasped the fact that NJN is indeed an anomaly of a PBS station, in an anomaly market. It's the geography: never have so many citizens been so underserved by the media marketplace in which they live. One may not theoretically agree that a state government should have a connection to a media outlet, but the New Jersey State Legislature stepped in where the marketplace would not, and has not, and that's why NJN was created as a public institution. In a state that is often deeply divided by its regionalism, NJN is the only statewide network, and its dedication to bringing every part of New Jersey to every other part of New Jersey has been unmatched.

When I hear people say "Let the private sector do this..." my response to that is this: we have been waiting since the 1960's for the advertising-rich commercial stations with their footprint in New Jersey to come through with providing all of New Jersey with the same level of informative programming. We do not need a crystal ball: historically it hasn't happened, it isn't happening, and it's not going to happen. We have also waited and hoped for our neighboring public stations in Philadelphia and New York, also with their footprint in New Jersey, to provide New Jerseyans with programming for and about New Jersey, but it's not in their list of priorities. Our metropolitan PBS neighbors focus on national projects, and unfortunately that national exposure takes the biggest funders away from a locally-focused station like NJN.

NJN has always had the challenge of a truly unique mission: to provide New Jersey with both local content of the PBS ilk, as well as straight news and public affairs that is typically provided in other parts of the U.S. by a local commercial network affiliate. Most PBS local stations do very little state-focused original production, and only Oklahoma has a PBS local station that produces a daily news show like NJN. Our programs – from news and public affairs to documentaries and educational programs about arts, history and environment – are substantive pieces at PBS level quality, and they are based on going out and collecting footage with field crews and writers and reporters venturing out all over the entire state – not just a city and its suburbs. Whatever new gear or editing equipment or systemic production change is in NJN's future, the organization still requires a wide range of experienced and capable professionals to efficiently gather and produce quality information on topics statewide, for viewers statewide.

As the media landscape changes, multiple platforms of distribution need to be expanded on and developed at NJN. Multiple formats requires that original content be gathered in ways that lend themselves to multiple forms of expression and craft: everything gathered around New Jersey needs to be looked at as raw content to be then be used by writers, producers, and editors in the world of television, radio, short-form webisodes, web series, and educational interactive use. This widening of the creative delivery world will mean that more content will be made, and produced content in all its forms will be distributed on multiple platforms that reach divergent and wider audiences. But these forms of delivery require professionals on the creative side and technical side who share the mission of current NJN professionals but also have honed the skills particular to their own medium, whether that be radio, interactive web design, educational site design, social media promotion and content management, and the like. A new NJN that expands its reach and delivery systems would be best served by expanding its professional teams as well, with an eye toward teaming some current employees ready to shift gears with newly added professionals who bring their craft and technology skills into the NJN camp.

Created in the broadcast age, NJN was a noble experiment by the State to rectify the poor service of the media marketplace to the citizens of New Jersey, and answer the media void with a truly unique PBS station – one that put its local audience first. While the digital media marketplace unfolds with opportunity, New Jersey again finds its media choices slim, based on the whims of the marketplace. NJN has the trusted professionals and the production experience to renew this mission of service and make it expand exponentially on multiple formats and in new ways.

INTRODUCTION TO THE IDEA OF THE NEW JERSEY PUBLIC MEDIA CORP.

NJN could be a more effective media provider if it was transformed into a more autonomous public authority, which we are calling now the NJ Public Media Corporation. It is imperative that this connection to the State remain permanent, because this solidifies fundraising and mission campaigns that are built on the premise of a long and stable level of professional service to New Jersey's citizens. NJN itself should be revitalized and branded as a service-oriented public institution, like a utility, one that should be invested in and maintained for the broadest public good. This plan will require a continued investment on the part of the State in the short-term, but that investment is designed to stabilize NJN through a period of re-growth, one that will repair some of the organizational damage done by over fifteen years of poorly-managed resources. That initial investment will retool NJN's production efficiency, giving the organization the time and capital to upgrade equipment, increase production of local programs, and make NJN both sustainable as an operation and attractive to potential funders.

This would be the wrong time to end this noble experiment and give NJN away, or let it continue to starve. The need for NJN's service has not gone away; if anything, reliable and grounded information for New Jersey's citizens is more necessary than ever. State pride, state identity, and statewide unity are needed more than ever. A new NJN, re-tooled and powerful

in its reach, is on the eve of becoming a reality. A new statement of commitment and support will reinvigorate this mission, and once again turn NJN into a unique PBS station that puts its citizens first, and brings New Jersey's stories to everyone in the state.

A FEW HIGHLIGHTS OF MEDIA CORP

- Redesign the budgeting philosophy to encourage maximized use of in-house staff and equipment as opposed to discouraging increased production as "too expensive."
- Establish clear guidelines for the NJ Public Media Corporation's relationship to its separate "pass-through" organization, an NJN Foundation, emphasizing both a management firewall and an editorial firewall between the organizations. Establish clearly-defined lines of authority and recruit top-notch leadership who are tasked with leading the fundraising efforts knowing these clearly-defined ground rules exist. Re-focus a pared-down Foundation on a mission of aggressive private funding work, connected to overall NJN needs.
- Seek ways (through autonomous status) to encourage a more flexible, business-friendly model for the NJ Public Media Corporation, a model that loosens restrictions to garner more private dollars, allows media business growth that helps other New Jersey State agencies cut their media costs, and supports aggressive and innovative partnerships that bring increased revenue and public exposure.
- Embark on an aggressive campaign to increase quality and quantity of local production: improved and efficient technology systems for production and post-production.
- Assess values for existing transmission rental agreements and look to boost these, as well as explore still untapped rental agreements. Look for ways to increase revenue through Broadband applications. Wireless transmission of video and data are certainly going to require transmission assets. NJN's market position requires third-party investigations into possible monetary gains in the next 3-5 years pending FCC and governmental policy moves regarding broadband and its wireless transmission.

My name is Donna Richards. I work in NJN's Membership department as the on-air fundraising manager, but my official title is producer/director so I have no real managerial authority.

In order to do my job effectively on-air fundraising must be an integral part of a much larger marketing and development strategic plan for it to meet its full potential. The process has needs that have to be met in order to do everything possible to maximize success regardless of the results. Leadership and management must take an active role in making decisions and making sure that any and all fundraising efforts have what they need to generate positive revenue results.

While I make every effort to continue to manage and produce on-air membership campaigns, the process has been left unto itself. NJN fundraising efforts have now turned away from supporting the use of the on-air as a viable revenue stream. NJN leadership seems to no longer include on-air fundraising as part of their overall development and revenue planning beyond speculating what it might bring in. At Tuesday's hearing it was noted that on-air fundraising brings in a net revenue of \$0. However, I believe if the process were measured solely against itself the numbers would show that on-air fundraising does in fact bring in revenue. Right now every possible expense has been thrown its way to show that perhaps it's not worth doing.

But also, creating or exploring ideas that could help supplement revenue to increase the net are usually handled like a hot potato...passed around with no one wanting to make the decision to deal with it and then it's dropped. One would think that in the current financial downturn NJN is experiencing, all ideas of revenue would be considered and perhaps tested, but instead, many ideas are being dismissed as not worth the effort.

It's very defeating to often receive negative reinforcement with phrases like:

We can't...

We're not doing that...

That shouldn't be for us to do...

We won't get approval

There was a time when on-air fundraising was viewed as the cash cow. Now it's just cash flow...it helps pay the bills. In recent years the process has been allowed to deteriorate under the pretense of cutting expenses. Investing in programming and the promotion of the network and its revenue generating resources has taken a back seat. Effective means of measuring success have been replaced with elaborate and seemingly less expensive software and data base systems that are incapable of providing much needed information or performing to help generate higher returns on investment.

Because the on-air fundraising process is driven by programming it is essential to be able to track how you acquire individual donors by the programs they watch or listen to. So you need to be able to generate reports that will give you information like:

- At what times do they like a particular kind or genre of program
- Which incentives...or "thank you gifts" were most popular

In order to plan future efforts you need to be able to look at past program performance

- How much revenue did a particular program raise over a given time period
- Which time slot worked best for this kind of program
- Did the program meet or exceed expected revenue goals
- How does program performance compare from year to year or drive to drive

At present, none of these resources are now available in an easily accessible form so that I can make informed decisions for subsequent on-air campaigns. Some of those needs include a tracking system. The system that houses past information that could still be useful was dismantled without my knowledge and now lives in the basement.

So if I'm expected to perform in this capacity why wouldn't I expect to receive the support necessary to carry it out successfully? I mentioned to one of my superiors a couple of weeks ago that I didn't understand how I have been deemed responsible for on-air revenue, I manage and produce the process almost single-handedly, and yet any discussions, issues, ideas or questions regarding this process never include me. How can that be?

On-air fundraising is an acquisition tool that PBS developed many years ago. The idea was to appeal to the viewers and listeners to encourage additional financial support in return for the quality programming and services that only public broadcasting provides....in essence a service worth paying for. The objective of the on-air appeal is to build... or acquire...a data base of donors that could then be cultivated into becoming annual renewing supporters, mid-level donors, business members and perhaps some could be found to be major donors.

My duties are limited to the on-air effort and not any follow-up cultivation.

National PBS documentation states that:

Pledge/on-air fundraising drives represent the largest source of **new** revenue for stations. According to the PBS Index of Fundraising Performance, pledge revenue represents approximately 35% of the median total station membership revenue. (It's likely higher than that for NJN)

Why Conduct On-Air Fundraising Drives?

1. Solicit financial support: Single largest source of NEW members for your station
2. Communicate directly with viewers & potential & existing members
3. Convey the mission & goals of your station
4. Build & reinforce relationships (to eventually make the ask for money)
5. People give because of programs

It's no secret that today's economic climate has put a substantial damper on charitable giving. I'm connected with colleagues and counterparts throughout the PBS system who are all suffering the effects of today's financial climate. We share with each other the endless struggle to come up with new ideas and strategies, what programs seem to work and which don't in order to ...at the very least...continue to bring people in the door, get their names in the data base and ready for cultivation.

Fundraising in and of itself is challenging enough, but when you have a valuable resource like the people of New Jersey that you are afforded the unique opportunity to connect with them in a really big way, but instead you prefer to dismiss them, so who are you really here to serve?

I've been at NJN for 29 years and early on in my journey NJN's mission became my mission...to look out for the needs of the people of New Jersey through what I've produced and programmed for the better part of those years. For me it's not about who has the biggest wallet to buy in...it's about serving the citizens of New Jersey.

A. Policies and procedures are set up but not followed through.

Example: NJN has a 24 hour phone service that is outsourced. To curb expenses of the service authorities decided to have the phones switched back to NJN during off-peak times to save on per call costs. The actual task of making the switch is handled by someone who doesn't report to me. However, when we entered a recent pledge drive and I was away, the switch back to the answering service wasn't done. Yet neither the person who instituted the policy nor the person who handles the task felt any responsibility for what happened. It was my fault because the phones getting answered are one of the results of putting pledge programs on the air. Money was left on the table.

B. Decisions are handled like hot potatoes.

Example: In October NJN radio has its on air membership campaign. Over the years a diminishing staff has made it difficult to man this effort throughout the pledge period. This year I offered the suggestion to forego a full drive just in October because it would be nearly impossible to pull off given the lack of manpower and expense it requires for a small amount of return. Also because of NJN's uncertain future on-air messages could be misleading. The first person I went to, to discuss the idea sent me to the next higher up. That person drafted an email to send it to the next higher ups. After a bit of time, I asked if the proposal came to any conclusion. I was told there was some discussion and concerns. Further discussions are necessary to examine some alternatives, but if, or when they will be held is unknown. In an instance like this I usually do one of two things....make the decision myself to move forward with at least those aspects I can manage and control or follow the norm and let it die.

C. Ideas not explored or left to die:

Example: A power supply company wanted to partner with us to offer our members the opportunity to switch to their service. We would track those who switched as a result of the offer from NJN. The company would then give back to NJN a portion of the proceeds from each transaction, and do so on an annual recurring basis for as long as the member kept the service. It would provide an ongoing source of income to the station for very little effort and next to no expense. Again the idea was tossed around the hierarchy, met with some opposition for conflicts of interest that didn't exist, and given back to me to decline the offer.

ON-AIR FUNDRAISING CHALLENGES

Initially viewed as a viable means of generating revenue

One of the top manpower efforts in place

Obstacles slowly filtered in:

- Board members and “friends” to pitch – no knowledge on how to make appeals
- Corporate sponsors to thank – creates mixed messaging – no desire to balance
- High department personnel turnover
- Software conversions – Team Approach totally inefficient for pledge activity
- Loss of member retention – transaction driven
- Reduced on-air production value – not enough manpower (drive scripting, year-round spots) – shifting of responsibilities
- Lack of promotion – stopped highlighting pledge programs in the NJN Guide
- Declining viewership
- Economy
- Diminishing returns – lower premium levels – costs continue to rise
- Inability to effectively track results to make informed decisions for subsequent drives – no viable tracking software currently in place
- Program purchase challenges
- Use of on-air to support other revenue streams! – Let’s just see if we can get a needle in the haystack to emerge.
- Lack of administrative input to properly position efforts to maximize revenue generating results – most stations across the system have a combination of at least 3 of the following involved in the decision making process for on-air pledge: the CEO, general manager, programming, marketing, development director, membership director

Negative reinforcement – very defeating...

Phrases like... We can’t...

We’re not doing that...

That shouldn’t be for us to do...

We won’t get approval

They won’t let us have...

We’re not going to get...

While membership does appear to be expensive, especially on-air pledge, as it sees a regular flow of paying expenses, many costs have been streamlined and reduced. Consequently other tools for managing the process have been introduced without fully realizing the overall expense it incurs. (Team Approach AND Kintera) While up front costs appear to be less, the longer term effects cost more in terms of diminished returns and the inability to track and monitor results. There’s been a huge reduction in ways to plan, strategize and then monitor results, thereby decreasing informed decisions and mechanisms for strategizing subsequent efforts.