documents related to
TSM Board Meeting
to be held on
February 27, 2012

1) Hammat 11-29 mtg.pdf
2) First TSM proposal.pdf
3) Programmatic review Hammat.pdf
4) TSM programmatic review 1.10.pdf
On Nov. 29, Jennifer Hammat and I held our weekly one-on-one meeting by phone, because she wasn’t feeling well. During the conversation, I told her I had concluded the best long-term course of action for Texas Student Media was to explore selling TSTV and KVRX, giving Travesty back to the students so it was no longer a TSM publication, and putting our resources into a greatly expanded digital media program, centered around The Daily Texan as the brand, while continuing to work at forging a relationship between Cactus and Texas Parents, as well as pursuing development efforts.

Jennifer posed no objections, and said that she would “quietly” check with legal at UT to see if TSM would garner the proceeds if the stations were sold, since UT held the licenses. I also said that leasing the stations was a possibility. She pointed out that TSM was scheduled to appear before the Student Services Budget Committee in late January or early February to make its annual request for funding, and that we didn’t want to ask for funding for units we intended to try to sell or lease. I agreed that we needed to be up-front about all this, and she suggested we could possibly delay our appearance before the SSSB as long as possible. I told her my hope was to make the proposal to sell or lease the stations to the board at the Feb. 3 board meeting.

I told her I would send her this proposal in writing, so she would have a better idea of what I intended to propose. Jennifer said that would be fine. I sent my written proposal to her a few days later.
A Programmatic Assessment of Texas Student Media
November 30, 2011

To: Jennifer Hammat
From: Gary B. Borders

After nearly six months here, these are my recommendations for how to restructure TSM in a way that ensures its long-term survival and better aligns it to provide students an educational experience that will prepare them for jobs in the current media landscape:

**Recommendations**
- Explore the possibilities of selling outright TSTV and KVRX. An alternative would be reaching a Lease Management Agreement (LMA) for both entities. Here’s why I have come to this conclusion.
  (1) TSM has neither the capital resources to expand nor to properly operate these stations. We limp along on hand-me-down equipment, outdated computers and largely volunteer staffs. On TSTV, we produce a wealth of student content. Certainly there is educational value in that. The students are learning skills that help them get jobs, whether it is in production or on-air. However, the content that is produced is not attractive to advertisers, because they know the audience being reached is both miniscule and has little discretionary spending power. (I believe the forthcoming market study will reinforce what I am saying about small audiences for TSTV and KVRX.)
  If it is possible to sell TSTV and TSM keep the money (or negotiate with UT to retain at least a significant portion), part of the sales agreement could be providing a set number of slots for students to work/intern with the new owner. That would preserve at least some of the educational component. Board member Amy Villareal told me she believes the station could fetch somewhere around $3 million if put on the block.
  (2) KVRX presents similar, if not greater, challenges. The culture has been “None of the Hits, All of the Time.” That by definition mean its audience is too small to be of much interest to underwriters and sponsors. Since students control the content, that is not likely to change. In addition, I believe the educational value of KVRX is not as great as TSTV, because the vast majority of the staffers and volunteers have no plans to go into radio as a career. Some hope to work for the music industry, and some have had success doing so. But it is hard to see how we will ever be able to significantly increase revenue at a station traditionally run by music hobbyists.
  An LMA (probably the most-likely scenario here) could again provide a set number of slots for students to work/intern at the station. The most likely operators, in my view, would be some type of religious broadcasting. Or perhaps KOOP would be interested in becoming a 24-hour station.
  (3) End TSM ownership of Travesty and return it to the students, who could operate it as an online-only publication. (I doubt they would have the resources to continue printing it.) Our ability to sell advertising in Travesty has fallen dramatically, and is unlikely to improve. I have drastically cut print numbers to try
to control costs. The content quality is marginal, in my view, and it is time to disassociate ourselves.

(4) Continue to explore options to partner with Texas Parents and Texas Exes to underwrite sales of Cactus yearbook. I am loath to end the existence of The University’s oldest student publication. If we can get a commitment from one of these groups to package a yearbook as part of their membership programs, we can stabilize the book, which ultimately I envision being more of a coffee-table style account of the past year at The University of Texas.

(5) Reduce summer printing of The Daily Texan to once-weekly and turn that summer publication into an entertainment/culture/narrative journalism tabloid that is produced by Special Editions with content generated from the Texan staff, as well as from the Special Editions staff. The notion here is to free up the Texan staff for a massive beefing up of its digital content and presence.

**New/Expanded Revenue Sources:**

(6) Use the money from the sale/lease of the stations to plow considerable resources into a digital media operation under the Daily Texan banner. That is our brand, the name everybody knows. Our future is in monetizing our digital content through social media, through robust and eye-popping mobile device platforms, and by producing vast quantities of student-controlled content that covers this University from every aspect. That means finding the right person to head up the online operation, who understands where the media world is headed and how much catching up we have to do to stay relevant.

(7) Hire at least one professional (Brad’s old spot) who understands how to sell online advertising and lead this effort. Maybe we steal someone from the Statesman. Regardless, we need someone with the digital knowledge, understanding of trends, and leadership ability to increase our percentage of revenue from online sales from the paltry 6.2 percent it now represents to at least 25 percent in two years or so.

(8) Look for meaningful niche products that provide valuable content and other sources of print revenue. Print is not dead, but it is changing. Go to Book People and check out the magazine rack. There is no dearth of print magazines serving a plethora of interests.

    Georgia’s “Red and Black” monthly magazine might serve as template for a niche product we could launch down the road. I think there is a market out there for a glossy-covered, free magazine that targets the campus and provides advertisers yet another venue to reach them.

(8) Quickly get a high-powered tablet app into our arsenal. We are way behind the curve here. Mobile ad spending will overtake traditional web ad sales in less than three years, maybe sooner.

(9) Continue our just-beginning development efforts. Who we target obviously depends on what direction we take. I do believe there is some untapped money out there, but I have no idea how much, or if it is enough to make a significant difference, especially in the short term.

**Time frame:** Sooner is better than later. My recommendation would be to present this to the board at the Feb. 3 meeting with the goal of this taking effect 2012-2013. That might be unrealistic, but TSM probably doesn’t have much more
than four years worth of reserves left — including this fiscal year. I don’t want to be
disingenuous with the SSBC if we are going to take this route. I guess my pitch to
them would be to help fund the online expansion by shifting at least some of the
TSTV/KVRX/Travesty money over.

**Conclusion:**

I fully realize pursuing this course will create quite an outcry from current
TSM staffers and our alumni. The alternative is to continue to plug away with too-
few resources, dwindling university support, and an increasing irrelevance in terms
of how media is evolving in this fast-changing world. If selling or leasing the stations
turn out to not be feasible options, my next recommendation would be to look at
nine-month appointments for all professional staff, while continuing to develop a
stronger online presence and attracting donations through development.

I look forward to your thoughts.

Gary B. Borders
Director
December 6, 2011

Gary Borders
Director, Texas Student Media

Gary,

Under the Revised Declaration of Trust between The University of Texas and Texas Student Media, the public purpose of the Trust is (a) to further the academic and educational mission of the University by providing educational opportunities for students of the University and (b) to serve as an information sources for students and other persons interested in the affairs of the University (see Trust Purposes section 2.1). As such, one of the many roles of the director of Texas Student Media is to set the overall strategy of TSM to best fulfill these two defined elements of the public purpose.

When we discussed your goals, one of the items covered was a programmatic review for Texas Student Media. Typically in Higher Education, programmatic reviews include a number of standard elements. Some of those might include: a general description of the program; trends, past and projected, in student participation (number for each entity) and graduates/alumni numbers; descriptions and elements of program (including their mission statements); description of the review criteria – or what it is you hope to learn and present in the review; major strengths and weaknesses of the program (i.e., budgets and revenue versus content control/contributions and educational value); review findings; institutional recommendations based on the review; and a timetable for future reviews.

The overall goal would be to assess where Texas Student Media is, and, if anything has to be modified or further reviewed – what would those things be? For example, it took the board years to decide to sell the press. We had to talk to students, faculty, staff, alumni, the President’s office, the comptroller, and the board – several times – to determine that selling the press was in the long term interest of Texas Student Media. And, there are plenty of folks who will tell you that was a particularly challenging and arduous process. As part of a major institution we tend to rely heavily on data, analysis, core values and educational mission to direct us in our decisions on program reviews. We cannot make decisions in a vacuum.

The Board of Operating Trustees allowed you to pass the revised 2011-2012 budget with a projected $175,000 deficit. I understand this is an immense challenge to overcome when going into the 2012-2013 planning phase for the budget process. I am interested in seeing the best measured and reasonable next steps that Texas Student Media can consider in
rethinking the way the business is managed while never losing sight of the significant educational value Texas Student Media has for the students. Please be sure to include supporting data and always bear in mind the stated public purpose of Texas Student Media at the beginning of this memo. All other elements of the Declaration of Trust are to be adhered to and elements that fall outside of that scope will not be considered.

I will expect to receive your completed programmatic review for Texas Student Media by Tuesday, January 10, 2012. If you have any questions about my expectations in this process going forward, please contact me and let’s discuss them.

Sincerely,

Jennifer R. Hammat, Ed. D.
Assistant Vice President for Student Affairs

xc: file
Juan C. González
The Daily Texan

The Daily Texan has been the newspaper for the University of Texas at Austin since October 1900. Its content is entirely controlled by students under the direction of an editorial adviser with extensive professional newspaper experience. Advertising is sold by a staff of roughly a dozen students — who are trained and supervised by an adviser. In addition there are four professional advertising staff positions, though one position is currently vacant. All report to the advertising director.

Distribution: The Texan is printed five times a week during the fall and spring semesters. Last year the summer printing schedule was reduced to twice weekly. For summer 2012, the paper will print once weekly. A total of 13,000 copies are distributed at more than 400 locations. The summer print run will be reduced to 10,000 copies.

As pickup rates have declined, TSM has reduced printing costs by cutting numbers. The average number of copies printed during the year for the past five years follow:

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copies</td>
<td>18,855</td>
<td>16,374</td>
<td>14,939</td>
<td>15,195</td>
<td>16,074</td>
</tr>
</tbody>
</table>

Distribution numbers have steadily decreased over the past several years, as students show less interest in reading print newspapers in general. As pick-up rates have declined, distribution has been decreased from nearly 23,000 in 2005 to the present number. Of the 13,000 now printed, an average of 3,275 still end up being recycled, a pick-up rate of about 75 percent. Since returns are only counted on racks and not on bundle drops, the actual number of copies not picked up is likely considerably higher.

The declining circulation is a trend seen at most college newspapers. It is certainly similar to circulation declines at daily newspapers across the country. Penn State’s distribution numbers have dropped from 27,000 to 20,000. Ohio State has gone from 28,000 to 15,000. Other universities surveyed by the Western Association of University Publication Managers show decreases as well, though not as dramatic as The Texan’s or the examples mentioned above.
Advertising Revenues: As in virtually every print media operation, *The Daily Texan* has seen declines in advertising revenues in all categories. Results from the past five years are below:

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12 (B)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>787,312</td>
<td>857,953</td>
<td>874,511</td>
<td>1,041,859</td>
<td>1,266,955</td>
</tr>
<tr>
<td>National</td>
<td>368,897</td>
<td>391,745</td>
<td>419,381</td>
<td>486,490</td>
<td>643,119</td>
</tr>
<tr>
<td>Classified</td>
<td>30,931</td>
<td>53,664</td>
<td>64,804</td>
<td>80,229</td>
<td>184,574</td>
</tr>
<tr>
<td>Web</td>
<td>78,590</td>
<td>52,363</td>
<td>44,609</td>
<td>49,823</td>
<td>67,108</td>
</tr>
<tr>
<td>Color *</td>
<td>n/a</td>
<td>n/a</td>
<td>126,073</td>
<td>155,048</td>
<td>166,589</td>
</tr>
<tr>
<td>Total</td>
<td><strong>1,262,730</strong></td>
<td><strong>1,352,632</strong></td>
<td><strong>1,526,211</strong></td>
<td><strong>1,807,098</strong></td>
<td><strong>2,326,411</strong></td>
</tr>
</tbody>
</table>

* Color revenue was no longer broken out separately starting in 2010/11.

Total advertising revenue has declined 45.7 percent in the past five years. In addition, the Student Services allocation for *The Texan* has been reduced from $320,897 in 2007/08 to $281,873, a drop of 12 percent. As a result, the swing in profitability for *The Daily Texan* has been dramatic. The following table illustrates:

<table>
<thead>
<tr>
<th>Year</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2010/11</th>
<th>2011/12 (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>45,054</td>
<td>206,360</td>
<td>(137,670)</td>
<td>(224,203)</td>
<td>(224,529)</td>
</tr>
</tbody>
</table>
In response, TSM has taken a number of measures to reduce expenses, including outsourcing printing in 2009 and distribution in early 2011. Student wages in editorial have been reduced from a high of $283,799 in 2009/10 to $207,476 in the current budget year. A number of other expense reductions have occurred — in personnel, travel and other areas. While student wages have been reduced, the number of paid Texas student newsroom staffers has not dropped precipitously. The number has fluctuated up and down from 215 in 2007/08 to 185 in the current budget year. In advertising, the number has dropped from 30 in 2007/08 to 25 in the current budget year.

Website: A redesigned Daily Texan website (dailytexanonline.com) was launched in May, with a sharpened focus on posting and updating stories throughout the day. That has increased website traffic. In June, a few weeks after the site launched and summer publishing began, unique visitors for the month totaled 69,239 with 175,000 page views. By the final month of the Fall 2011 semester, the number of unique visitors had doubled to 138,337 with more than 325,000 page views.

Of concern is the Texan’s high bounce rate of more than 75 percent, which has not changed significantly since the new site launched. That means three-fourths of those who landed on a single page on the site left after one click. Time spent on the site was on average 1:25 minutes, and two thirds were new visitors. There are no hard-and-fast industry standards, but web analytics pioneer Avinash Kaushik has stated that a bounce rate higher than 35 percent is cause for concern — and anything above 50 percent is worrisome. In the most recent period, before fall semester ended, only 18.58 percent of visitors came to the site directly, with the rest arriving either via search engines or referrals.

Online advertising dropped considerably from 2006/07 to 2007/08, from $99,000 to $67,000, then to just under $50,000 the following year. It has risen slightly since then and is projected to reach $78,590 this budget year. Online revenue represents 6.2 percent of total advertising revenue for The Daily Texan. That percentage of total advertising revenue is just more than half of what most newspaper operations garner, according to the 2011 State of The News Media report from the Pew Research Center’s Project for Excellence in Journalism (http://stateofthemedia.org/2011/). Most large newspaper organizations, such as MediaNews, are
aiming to increase online revenues to 20 percent of total advertising revenue with the next few years, according to the Pew Report.

**Recommendations**

**Overview:** Even with the major decline in print advertising revenue, *The Daily Texan* still accounts for 89 percent of Texas Student Media’s total advertising revenue. That proportion likely will decrease over time but not by a great amount, in my view. As will be discussed in later sections, there certainly is revenue growth potential in other units. But with $1.262 million of the $1.422 million this year coming from *The Daily Texan*, it is clear the newspaper will be the revenue-dominant player for TSM for years to come.

The opportunities for revenue growth for *The Daily Texan* clearly are online. That is keeping with the national trend. Nationally, online advertising revenue outpaced newspaper print revenue for the first time in 2010. That gap increased to $25.8 billion for online in 2011 compared to $24.6 billion for newspaper advertising revenue (Source: emarketer.com). Online ad spending is expected to grow by 10 percent or more per year through 2014, according to eMarketer. However, newspapers are still grabbing just a small portion of those advertising dollars. As a recent report from the Knight Digital Media Center pointed out, online revenues for most newspapers comprise 10 percent or less of total revenues. As stated previously, online is just 6.2 percent of the *Texan’s* advertising revenue. At the same time, more people — especially younger users — consume their news online. That is the major reason it is incumbent upon TSM to expand its online news operation so that the content provided is not primarily shoveling The Daily Texan to the website but also contains much more unique content — videos, slideshows, blogs, quizzes, increased interaction between the site users and content providers, and an array of other content. That will require expanding the *Texan* newsroom to include web original-content providers. Expanding original online content should also improve *The Texan’s* bounce rate, since users will have more reasons to stay longer on the site and click through more pages.

One bright spot is that local online ad spending is increasing at a faster rate than its national counterpart. According to Borrell Associates, about 40 percent of all online ad spending in 2011 was local — a one-third increase since 2010. Display ads — the type relied upon by
news sites — play a bigger factor in local online spending than search, which means dailytexanonline.com is well-poised to capture its share of those local dollars.

In a meeting with UT journalism school lecturer Robert Quigley, who specializes in social media and online content, he posited that such a team could be put together with three to four student staffers — as long as they are the “right” mix. As both TSM board members Mark Morrison and Amy Villarreal have said recently, TSM is going to have to invest in a digital content operation in order to actually accomplish this — at the same time maintaining a student staff that provides the content for the print product.

*The Daily Texan* is by far the best-known brand of TSM. My recommendation is that we focus on extending that brand and “hanging” the other units off *The Daily Texan* — particularly online and with a future mobile application. That provides a greater opportunity to extend awareness of all TSM’s media properties by introducing the *Texan’s* considerable audience to the other units. That is not now being done. TSM’s web developer is working on implementing tabs on the *Texan* site that easily take users to the KVRX, TSTV, *Travesty* and *Cactus* sites. Examples of other media sites doing so include statesman.com, which toggles between 360.com for entertainment, hook ‘em for Longhorn sports, classifieds verticals, and the main site. We intend to do the same thing with all TSM sites, providing tabs readily visible to access the other sites. Right now the websites appear separate and unconnected, so users have to physically go to each site by typing in (or bookmarking) separate URLs. (There are links at the very bottom of the page, but they are nearly invisible. Few users scroll that far down the page.)

Dailytexanonline.com gets the vast majority of web traffic, so hanging the other sites off it in prominent positions can only heighten awareness of TSM’s other media units.

As stated, *The Daily Texan* is the dominant student-media brand on campus. “Texas Student Media” is not a well-known brand name on or off campus — especially when compared to *The Daily Texan*. That probably is not going to change, given the high turnover of students. As we build mobile apps and extend our online presence, the brand should center on *The Texan* and not Texas Student Media.

**Mobile apps:** According to a report from HIS iSuppli Wireless Communications, shipment of mobile broadband devices (tablets, netbooks, e-book readers but not smartphones)
were expected to climb 50 percent to 158 million in 2011. That number is expected to double to more than 300 million in 2012, according to Tech Journal. Clearly, this is where users are going to consume online content. Nearly 500 magazines now provide their content via an iPad app, according to McPheters Research. Hundreds of newspapers are now available through iPad apps as well. While mobile digital online revenue now is just a paltry 3 percent of total online revenue, according to the Interactive Advertising Bureau, the clear consensus is that figure will grow. TSM should settle on a tablet app by spring and take advantage of the explosive growth in their use. With an aggressive marketing and sales effort, this could be a major revenue opportunity for TSM for a modest investment.

**Online adviser:** This person’s primary function should be to help students produce original content for our websites. It is not feasible for this position to also have revenue responsibilities, or IT skills for that matter. We certainly need someone with enough knowledge and background to help us pick the best iPad app, for example, to assist in creating online revenue streams for TSM, to stay abreast of emerging technologies and to work closely with advertising to monetize content through sponsorships, social media, and traditional web advertising. But right now, we simply do not have much content to sell around our websites. The revenue will follow the content, and the online adviser’s primary job should be assisting students in creating that content.

**Print product:** We have decided to cut to once-weekly printing in summer, which even after the projected advertising revenue loss of $12,000 (according to Assistant Director Jalah Goette’s analysis), reduces *Texan* expenses by $25,000 in the summer. We plan to reinvest about $6,000 of that in creating the online news team as well as an enterprise team to do more analytical reporting. Both are key to furthering the educational mission by training students in producing the types of content — digital media and long-form, investigative reporting — that will prepare them for media careers. Frankly, both are weaknesses now of *The Daily Texan*. Creating these new teams will also attract and retain *Texan* staffers, according to adviser Doug Warren, who proposed this with the support of the current managing editor and editor-in-chief. And it certainly will improve the quality of the product.
Even though our issue return rate at 30-plus percent is too high, it is not feasible to further reduce print numbers without negatively affecting national advertising revenue. National revenue surprisingly is up 26.6 percent for the first quarter of 2011-12, a trend seen nationally, according to recent fall semester revenue numbers from WAUPM members. Jalah and her team have had good success with special editions, such as Longhorn Life and Double Coverage. A new product, Texas Tipoff, debuts in the spring semester to provide extended coverage of Longhorn basketball. We should continue to explore other niche print products that can be produced with the current Texan student staff or through special editions, while carefully making sure that existing products being produced are profitable and provide meaningful content.

The goal is to keep the inevitable decline in print revenue to a minimum with improved content, niche products and competitive rates. With a new adviser for the student advertising representatives, their training has improved considerably, which should also improve results in local advertising.

**Online sales:** We presently have an open professional advertising sales position. Since Jalah has done an excellent job of shifting local accounts handled by the previous salesperson to students and other professional staff, we should look at filling this position with someone versed in online advertising sales and dedicated solely to that effort. At the least, this should comprise the bulk of this person’s duties. Now that *The Daily Texan* has a respectable and growing audience, and once we begin expanding original online content to drive even more users to the site, we should aggressively begin selling online advertising. In Austin’s robust market it should not be difficult to find someone experienced in doing so.
KVRX- 91.7

The KVRX mission is to play music you will not hear anywhere else, evident by its slogan, “None of the hits, all of the time.” KVRX is a true alternative station and consequently boasts a wide array of listeners near and far. KVRX maintains a substantial “new music bin” including hip-hop, blues, jazz, folk, country, techno and metal genres. Listeners enjoy at least five different genres and two Texas bands each hour.

Operation: The station shares its frequency at 91.7 with KOOP, Austin’s community radio station. Student-produced programming airs between 7 p.m. and 9 a.m. during the week and from 10 p.m. to 9 a.m. on the weekends. KVRX also streams live over the Internet 24/7 at KVRX.org, though the potential number of listeners caps out at 1,250 because of bandwidth limitations.

Since KVRX has fixed hours of operation and a specified number of slots, the number of volunteer disc jockeys has varied little over the past five years. Adviser Dan Knight said the number is usually around 130. Paid staffers at KVRX have dropped in numbers from 28 in 2007/08 to 20 for the past four years.

KVRX is able to solicit underwriting and sponsored public service announcements but cannot sell commercial radio spots. It holds an annual pledge drive in early spring semester that brings in just under $7,000. It also holds several concerts each year, as well as a CD release event featuring bands that performed at the station during the previous year. The station also receives $11,400 annually from renting space on its tower to KOOP.

Student services fees make up about half the revenue needed to operate the station and will total $63,622 of the $131,522 that makes up the 2011/12 budget. The station’s 2011/12 budget projects a net loss for the year of $13,401. Last year the net loss totaled $2,353.
Revenue history:

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12 (B)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting</td>
<td>44,200</td>
<td>44,178</td>
<td>33,558</td>
<td>41,533</td>
<td>27,734</td>
</tr>
<tr>
<td>Sponsored PSA</td>
<td>12,000</td>
<td>12,622</td>
<td>13,448</td>
<td>13,624</td>
<td>23,918</td>
</tr>
<tr>
<td>Production</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>65</td>
<td>87</td>
</tr>
<tr>
<td>Web</td>
<td>0</td>
<td>2,682</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sales &amp; Service</td>
<td>300</td>
<td>174</td>
<td>5,052</td>
<td>3,637</td>
<td>1,809</td>
</tr>
<tr>
<td>Tower Rental</td>
<td>11,400</td>
<td>11,787</td>
<td>10,450</td>
<td>12,578</td>
<td>11,333</td>
</tr>
</tbody>
</table>

Trends in college radio: There is little doubt the trend among universities is to at least consider selling college radio stations in order to raise revenue and cut losses. A September 16, 2011 article by College Media Review (http://cmreview.org/?p=1) calls campus radio stations “tempting targets” for outside interests. For example, KUSF, the station affiliated with the University of San Francisco, was sold last year for $3.75 million. Stations have been sold or put on the block in recent months at Rice University, Texas Tech, Johns Hopkins, Vanderbilt and a host of smaller institutions.

The situation at KVRX mirrors both the financial challenges faced by college radio stations across the country and the eclectic approach to programming. It aims to expose the audience to music not usually heard on the airwaves. As a programmer on Binghamton University’s station put it, college radio provides, “Music you didn’t know you liked until you heard it.”

Recommendations

One of the greatest challenges to keeping KVRX financially viable is that the eclectic musical format favored by the station’s disc jockeys does not readily command a large audience. Further, the culture at the station has been to resist attempts to attract corporate sponsors or to put much effort into fund-raising during pledge drives. That attitude has improved over the past few years, based on anecdotal evidence. We have held a number of meetings with the station manager, TSM’s events manager, the adviser and myself to make sure this year’s pledge drive is organized well in advance. The advertising staff is working to secure corporate sponsorships and
business underwriters. In addition, KVRX staffers are also working to find matching grants from loyal alumni and currently are in discussions with an anonymous alumus who is seriously considering matching pledges up to $5,000. That alone would in effect nearly triple the total pledge drive funds. There is no reason KVRX cannot greatly expand its pledge drive funding — if there truly is a base of loyal listeners out there.

Starting spring semester, I have directed the adviser and station manager to provide a list of program scheduling to run as house ads in The Daily Texan and to regularly update on the websites so that potential listeners will actually know what is being played, and when. Right now, it is practically a mystery. Increasing awareness of the station’s eclectic programming can only expand its audience.

The rollout of the new KVRX site, slated for February, will vastly improve the site’s versatility, and the ability to produce blogs, reviews and other features that can attract new users. Right now the online streaming audience is miniscule. According to the station adviser, the website has never come close to reaching its 1,250-user limit, so there has been no need to increase bandwidth. My hope is that a vastly improved website, improved marketing of the station’s programming, and raising brand awareness through events will require KVRX to add bandwidth as it adds listeners. Internet radio continues to become more popular, with many new vehicles now offering that option. According to a 2011 report from Arbitron (Infinite Dial 2011), the weekly online radio audience has doubled every five years since 2001. An estimated 57 million people age 12 and older listen online each week, with the amount of time spent listening each week increasing to about 10 hours. A lively website, combined with KVRX being part of a robust mobile app, will increase audience both online and over-the-air.

We have taken modest steps with the Concert Series, and my intent is to push KVRX staffers to work more closely with Carter Goss, broadcast and events manager, to plan these out further in advance and improve marketing of the events — from the Concert Series to the Local and Live Release. This year, that CD will be available by the time SXSW rolls around, so that it can be used to promote the Local/Live concert, which will include some of the bands featured on the CD.
These are modest steps, admittedly. If we are not successful in these efforts, and in acquiring greater station-staff buy-in to assist in these efforts, then our next steps are to consider reducing KVRX student-staffer programming and replacing some of it with programming that is more commercially viable in terms of finding underwriters. For example, we could take away three hours and offer it to enterprising students who found underwriters willing to pony up a respectable subsidy. Or we could consider seeing if our frequency partner, KOOP, would like to pay to expand its airtime.

Another option would be to use automated programming at night. Remaining time slots should be given in preference to those shows that have underwriters, since that would be an incentive for KVRX staffers and volunteers to help us find underwriters.
**TSTV - Texas Student Television**

Texas Student Television (TSTV) is the nation's only student-run, FCC-licensed television station. TSTV’s over-the-air, low-power signal — on Channels 29.1, 29.2 and 29.3 — reaches approximately 160,000 households in the Austin area that rely on over-the-air television. TSTV is also carried by the University of Texas dormitory cable (Channel 15), UT campus cable (Channel 44) and by Apogee Cable system, which serves several private dorms and Greek houses, as well as the dorms at Texas State University. In addition, TSTV programming airs weeknights from 9 p.m. to 10 p.m. on Time Warner Cable Channel 16, reaching potentially about 330,000 homes.

**Operation:** The station boosted its signal last summer and now offers Bloomberg Television on 29.2. Plans are to soon offer the Fuse music network on 29.3 as well.

The number of paid student staffers at TSTV has actually increased since 2007/08, from 16 that year to 20 the past two years. In addition the number of volunteers at the station has also increased from 148 in 2007/08 to more than 250 this year. In addition, the number of original student-produced shows has gone up as well, from eleven in 2007/08 to seventeen in 2011/12. The increase in fees from volunteers — who must pay to take training classes — has more than doubled in five years, from $6,710 in 2007/08 to nearly $16,000 last year.

**Revenue history:**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12 (B)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adv/Underwriting</td>
<td>39,250</td>
<td>36,121</td>
<td>41,823</td>
<td>27,706</td>
<td>28,405</td>
</tr>
<tr>
<td>Class Fees</td>
<td>14,000</td>
<td>15,905</td>
<td>10,263</td>
<td>6,154</td>
<td>6,710</td>
</tr>
<tr>
<td>Production</td>
<td>34,000</td>
<td>33,846</td>
<td>835</td>
<td>20,556</td>
<td>8,350</td>
</tr>
<tr>
<td>Sales &amp; Service</td>
<td>3,000</td>
<td>3,182</td>
<td>1,372</td>
<td>1,167</td>
<td>1,594</td>
</tr>
<tr>
<td>Kids Camp</td>
<td>8,000</td>
<td>7,975</td>
<td>4,360</td>
<td>5,075</td>
<td>9,475</td>
</tr>
</tbody>
</table>

Student services fees have dropped about 10 percent in the past five years and are budgeted at $78,250 for 2011/12. As in the case of KVRX, that represents roughly half the total
revenue for the station. Last year, the station posted a net income of $18,510, and this year’s net income is projected to be nearly identical.

**Trends in college television:** As with college radio stations, some universities facing budget pressures have been putting their stations up for sale. In December, San Mateo Community College District put KCSM-TV up for sale, citing a $1 million operating deficit. Last September, Baylor announced it was selling KDYW to the Christian Daystar network for $250,000. In recent years educational institutions holding licenses in Los Angeles, Detroit, Seattle, Indianapolis, Milwaukee and Portland, Ore., have sold their television licenses. In many of these cases, the licensees were public television stations that were paying to air expensive programming. This is not the case with TSTV.

**Recommendations**

TSTV enjoys strong student participation, with more than 250 volunteers in addition to the 20 paid staffers helping to produce 17 different shows last semester. As with KVRX, the station must do a better job of marketing that programming through house ads in *The Daily Texan* and increased awareness of the station’s website, which streams past episodes and provides scheduling. A recent survey indicates that college students watch 78 percent of their favorite television programs on laptops or mobile devices, so working to increase student awareness of the TSTV website can increase audience, as would its inclusion on a mobile app device.

In addition, we will continue to work to get TSTV carried on local cable outlets, such as Grande and Time-Warner. That appears to be a long, difficult process but doing so certainly would expose TSTV to a much wider audience than is available through over-the-air and the dorm systems. I have also had an initial conversation with Kathleen Mabley, Director of Brand Initiatives for the University, about the possibility of the Longhorn Network using some TSTV programming on that network. She plans to talk to the ESPN programming director about that option, which would be both an audience builder for TSTV (once LHN is more widely available) and certainly be a resume-builder for the TSTV staff and volunteers involved in show production.
With the recent gift of $33,333 from the Oprah Winfrey Network — thanks to the generosity of a former TSTV staffer who won a competition to air a show on OWN and named TSTV as the recipient of the donation — we will complete conversion of the station to full high-definition by purchasing a HD live production system for the studio, and an HD video server and automation program. TSTV will then be able to air high-definition programming and commercials on Channel 29.1. We will also be able to improve production values and will be using the same equipment used at the Longhorn Network, which should increase chances of getting our programs aired there.

It is admittedly difficult to sell advertising around student-produced content. Our primary avenues appear to be:

• Producing infomercials. One that is in prototype stage is tentatively called “Shop 29.” Carter Goss hopes to have a finished prototype by January that he can use to try to sell used-car dealers on the notion, and perhaps expand it to other types of businesses.

• Acquiring remote capability. For an estimated $10,000 we could begin broadcasting from remote locations, which Carter believes definitely opens up revenue opportunities. For example, “College Crossfire,” the sports debate show, could broadcast from Tailgatorz and charge the venue for the privilege. Or “Good Morning Texas” could strike a deal to operate that show from Einstein Bagels. This would also expand the educational opportunities for TSTV staffers and volunteers, since it would be an additional skill added to their repertoire.

• Sub-channels: There are advertising opportunities on at least one of the sub-channels. We have the rights to air the Fuse Network, which is a music-video channel with interviews and other music-related content. We plan to spend a few hundred dollars for the equipment needed to get Fuse on 29.3 soon after the spring semester begins. We can sell spots onto the Fuse Network, which should open up the possibilities of selling combo with Fuse and 29.1 — the student-produced content station.

I have asked Dan, and will assist him with input from Amy Villareal, to explore other affordable commercial programming options that might allow us to replace Bloomberg with more attractive programming into which TSM could sell advertising. (We are not able to do that with Bloomberg.) That would open more avenues to sell commercial spots to the types of
businesses that cater to the demographics of over-the-air listeners. When TSTV is broadcasting three over-the-air channels in the Austin area, it is competing with just a dozen other English and five Spanish-language channels for that viewing audience — far better odds than on cable with many dozens of channel choices.

Finally, we should improve the marketing of TSTV’s ability to handle production for campus groups and outside organizations as well. Last year, the station made nearly as much revenue from production as it did from advertising and underwriting. We also plan to spend a modest amount of money marketing this summer’s Kids Camp in hopes of increasing revenue in that area.
The Cactus

*The Cactus* is the only pictorial record of the year at the University of Texas at Austin and the oldest student publication on campus. As a book written and produced entirely by students, it offers experience in writing, editing, photography, management and marketing. *The Cactus*, now entering its 112th year, has been known for excellence and consistently wins honors in state, regional and national contests.

The number of paid student staffers at *Cactus* has dropped by about one-third in the past five years, from 22 in 2007/08 to 15 this year. As sales have dropped over the years, the number of pages in *Cactus* has been decreased in order to financially sustain its publication. For example, in 2003 the book totaled 496 pages, and as recently as 2010 contained 400 pages. The 2011 edition dropped to 372 pages, while the 2012 contract calls for a 320-page yearbook.

*Cactus* sales continue to decline, though the adviser and staff are hopeful that a renewed marketing effort this year with a new Walsworth representative (the yearbook printer) will reverse that trend.

*Cactus* budget has remained stable over the past five years because Walsworth has guaranteed $90,000 to $95,000 in sales, even when actual sales have not reached that amount. That contract has been extended through 2011-2012 but is likely to be modified or ended if yearbook sales do not improve this year. Advertising income, which is handled by a third party (University Directories) has remained the same for the past five years.

### Revenue history:

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12 (B)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>95,000</td>
<td>94,792</td>
<td>94,215</td>
<td>90,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Org. Page Sales</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>630</td>
<td>6,915</td>
</tr>
<tr>
<td>Portrait rebates</td>
<td>250</td>
<td>630</td>
<td>862</td>
<td>630</td>
<td>2,147</td>
</tr>
<tr>
<td>Freshmen Directory</td>
<td>4,400</td>
<td>4,400</td>
<td>4,400</td>
<td>4,345</td>
<td>6,382</td>
</tr>
<tr>
<td>Advertising</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
</tr>
</tbody>
</table>

**Yearbook sales:** Sales of *The Cactus* have declined precipitously over the years. According to a 2007 article in The Alcalde, the all-time high in sales was in 1982, when more
than 14,000 copies were sold. By 1994 that number had dropped to 4,403. Sales have declined each year since with few exceptions, to the point where just 2 percent of enrolled students at UT-Austin purchase a copy of *The Cactus*.

**The Cactus total sales for past five years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>1,767</td>
</tr>
<tr>
<td>2007/08</td>
<td>1,809</td>
</tr>
<tr>
<td>2008/09</td>
<td>1,431</td>
</tr>
<tr>
<td>2009/10</td>
<td>1,214</td>
</tr>
<tr>
<td>2010/11</td>
<td>1,170</td>
</tr>
</tbody>
</table>

**Yearbook Trends:** College yearbooks across the nation face declining sales and less student interest. According to a Chicago Tribune article from June 2011, Research Firm IBISWorld estimates that yearbook sales to schools have declined by a 4.7 percent average each of the past few years. The explosion of social media, Facebook in particular, means students rely on that medium to share photographs of the type of events and experiences that have been the staple of yearbooks. College student media organizations across the country have discontinued publication of yearbooks because of that declining interest. Some college yearbooks that have ceased publishing include:

- “Ye Domesday Booke,” Georgetown University (2011)
- “Corks and Curls,” University of Virginia (2010)
- “Debris,” Purdue University (2008)
- “Mnemosyne,” Huntington University (2011)
- “Cornhusker, University of Nebraska (2008)
It appears that the relatively few college yearbooks that have managed to keep sales consistent are those that are paid for with student fees, so that students “buy” the yearbook each year — such as at Virginia Tech, Notre Dame and Michigan State. Since far fewer students pick up the book than actually pay for it, the schools are able to subsidize printing of the book with a relatively low fee.

**Recommendations**

Clearly, the best way for Cactus to survive and remain relevant is to find a partner on campus to help package the book as part of that organization’s benefits to its members. The two obvious candidates are Texas Parents and Texas Exes. Some preliminary talks have been held with both organizations — the former in particular, with the assistance of Tom Dison, Director of Recreational Sports and Associate Vice President for Student Affairs. A partnership where a *Cactus* was provided as part of a Texas Parents senior package, perhaps with a class ring, would provide a guaranteed base of sales. Similarly, we should pursue an agreement with Texas Exes where a copy of *Cactus* becomes part of the pitch made to graduating UT seniors to join the alumni association.

After the current contract expires, it likely will be necessary to explore other options for printing *Cactus*. We should not confine that search to yearbook companies but also take bids from commercial printing companies as well in hopes of reducing publishing costs.

In addition we should seriously consider taking over advertising sales of *The Cactus* from University Directories. Yearbook ad revenue of $15,000 annually has not changed in several years. If TSM does not have to share that revenue with University Directories, it is possible we could increase total revenue — even if the number of ads sold stays the same. If we are in a partnership with Texas Parents and/or Texas Exes, that might also open up avenues to sell advertising to their members, particularly parents of graduating seniors who own businesses.
Texas Travesty

The Texas Travesty was conceived by Kevin Butler. He became the publication’s first editor-in-chief in May 1998, when the first web-based issue was published. Kevin and his brother Brad, who would become Travesty’s second editor, went before Texas Student Publication’s board later that year to request provisional support for the publication, which was approved in a split vote. A year later what is now Texas Student Media adopted Texas Travesty as the official humor magazine of The University of Texas at Austin.

Travesty is published three times each in the fall and spring semesters and once in the summer — seven issues total. The number of paid student staffers has actually increased modestly over the past several years, from seven in 2007/08 to 10 during the 2011/12 budget year. Until recently, Travesty was the only TSM unit not housed in the Hearst Student Media building, being located in UA-9 on University Avenue. After the recent renovation of the third floor of HSM was completed, Travesty is now located in the old Cactus office on the HSM second floor. After the planned renovations over the summer, Travesty will continue to occupy one corner of the second-floor space where The Daily Texan newsroom and multimedia operation are located.

Travesty’s revenue and expenses have remained both modest and relatively flat over the past several years, as seen below. Its share of the student service fee has dropped from a high of $8,752 in 2007/08 to $7,694 for 2011/12. Below is revenue performance for the past five years:

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12 (B)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>26,367</td>
<td>29,382</td>
<td>25,439</td>
<td>33,551</td>
<td>25,106</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>500</td>
<td>1,179</td>
<td>3,671</td>
<td>671</td>
<td>0</td>
</tr>
</tbody>
</table>

Travesty has posted a negative net income three of the past five years, as seen below:

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12 (B)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Loss)</td>
<td>(1,835)</td>
<td>(1,022)</td>
<td>(4,555)</td>
<td>6,839</td>
<td>39</td>
</tr>
</tbody>
</table>
At the start of Fall 2011, the total number of copies being printed was drastically cut from 19,000 copies printed during the spring semester to 6,000 in the fall, with 8,000 printed for the final fall issue. In addition, the number of pages was reduced in half, from 24 tab pages to 12 tab pages to better reflect an editorial-to-advertising ratio that is sustainable through the revenue contained in each issue. That will reduce printing costs by more than 60 percent in the current budget year, from $11,405 to $4,300. If advertising revenues continue to track modestly ahead of budget as they did during the first quarter of FY2011/12, Travesty should post a modest profit this year.

**Trends:** Humor magazines on colleges and universities enjoy a long and rich tradition, from Yale’s *The Record* to the University of Pennsylvania’s *Punch Bowl* and the *Jack-O-Lantern* at Dartmouth, all of which have been in existence for more than a century. While some have gone defunct over the past several years — such as *Widow* at Cornell, *The Campus Dirt* at Louisiana State University, *Bob* at the University of Florida, *Perversity Weekly* at Texas Tech — others have gone online only. But a number of campus humor magazines continue to publish print editions. The University of Michigan’s *Gargoyle* publishes three issues annually. University of Pennsylvania’s *Punch Bowl* is published four times annually. Berkeley’s *Heuristic Squelch* comes out five times a year, as does Penn State’s *Phroth*. In all cases, judging from PDF versions online, the magazines are modest affairs with small staffs and overhead, and sparse advertising revenue. They survive with little or no university support, are distributed free, and have a loyal fan base.

**Recommendations:**

With Travesty finally housed in HSM, I intend to take a more active role as adviser this spring, working with the editor to help him become better organized, to give advertising a heads up of the themes of upcoming issues, better organize — and thus monetize — the comedy shows and to update the website more often. Travesty does provide a valuable outlet for aspiring comedic writers as well as layout skills for those involved in its design. With its reduced costs, Travesty should eke out a modest profit. As long as it is not a drain on TSM finances, I believe the magazine should continue in print form at the current reduced quantity. However, going online-only could be an option in the future.
Development Efforts

Texas Student Media is embarking on a systematic effort to attract outside funding by working with the University’s Office of Development. “Make a Gift” buttons have been placed on the web pages of dailytexanonline.com, texasstudenttv.com and cactusyearbook.com. Buttons will be added to the KVRX and Travesty sites soon. We have received $250 in the past month or so, admittedly a modest amount, but the effort has just begun.

In-house, we have undertaken compiling lists of TSM alumni. As TSM’s development officer, I have completed training to use the VIP database that the University maintains to track virtually anyone with a connection to UT. In the spring, we will begin hosting a series of breakfasts or coffee get-togethers with small groups of TSM alumni who live in the Austin area to begin establishing relationships. I also plan to work closely with the College of Communication’s new development officer, Michael Wilson, when possible. UT’s development office has indicated it is willing to sponsor a direct-mail drive as well, which is another possible avenue.

There are literally hundreds of TSM alumni who have become successful in the media industry and in other areas, from running the newsrooms of metro newspapers to managing the media campaigns for successful presidential campaigns. For many of these people, the time spent working for one of TSM’s media units often sparks fond memories, and the skills they learned have proven influential in their later successes. This is potentially a huge untapped pool of folks, at least some of whom likely will be willing to help support various TSM programs — whether it is purchasing new equipment for TSTV to allow the station to go fully digital, or funding an investigative reporting unit for The Daily Texan.

The recent gift of $33,333.33 from the Oprah Winfrey Network — the result of a TSTV alum winning a contest to host a show on OWN — is evidence that development efforts by TSM can be successful. Such gifts in the future could help reduce the gap between declining print revenues and possible reductions in university funding and the costs of maintaining all of TSM’s programs at current levels.
Conclusion, Future Reviews

The media landscape continues to change rapidly. The recommendations presented here are intended to keep all of TSM’s media units operating and providing the educational opportunities that the Revised Declaration of Trust requires of us. If TSM is going to provide the type of student media experience that reflects the professional opportunities available once students leave the University, then we must create a stronger online presence. That is also where our future revenue growth is going to come from. As stated, we can strengthen the other TSM brands by centering our efforts around The Daily Texan and hanging the other sites off it — both on the website and in whatever tablet app we choose.

By necessity, given how quickly the world is changing (the iPad did not exist two years ago and is now the method by which many millions consume their online content), a programmatic review of TSM should be undertaken annually, at the close of the calendar year. That timing makes sense because we will have some sense how the current school year is proceeding, and what possible adjustments need to be made.