

Texas Student Media operating budget for fiscal year 2014-2015
 by Frank Serpas III, TSM Interim Director
 March 20, 2014

At the February 21 meeting of the TSM Board, I presented a preliminary budget plan that stipulated shifting the Texan's print publication frequency to once/week throughout the year. The Board indicated that we should pursue an alternate plan, addressing the budget deficit through increases in revenue rather than through expense reductions, while maintaining the existing Daily Texan publication calendar.

At the aforementioned meeting, Advertising Adviser C.J. Salgado indicated that her department's ability to generate advertising revenue (which accounts for the majority of TSM's income) is currently limited by staffing considerations. The Board gave direction to formulate a revenue plan, along with the resources needed to implement it, including hiring more professional staff members.

In recent years, TSM has reduced its headcount significantly. In addition to job losses related to the outsourcing of printing and delivery functions, cuts have occurred in personnel assigned to TSM overhead and to the media units.

The table below shows the recent history of Full Time Equivalents at TSM (1.00 FTE = a professional staff member working 40 hours/week all year long). Whereas five years ago TSM had 26.50 FTE, the budget passed for the current fiscal year carried 13.55 FTE, including 1.50 FTE vacancies to be filled. In the year since that budget was passed, the net result of a series of departures and arrivals has TSM at 12.00 FTE currently, including two vacancies (the Director left in January and a Salesperson retired in December).

	General Overhead	Advertising Overhead	Media Units + Supp.Serv.	Press & Delivery	TOTAL
Spring 2009	5.50	7.50	6.00	7.50	26.50
2013-2014 budget	4.50 0.50	4.50 1.00	3.05		13.55
right now	3.50 1.00	4.00 1.00	2.50		12.00
2014-2015 proposed	4.50	7.00	3.50		15.00

My budget proposal calls for 15.00 FTE, a 1.45 FTE increase over the current fiscal year's budget. The following page contains summary figures for the past two fiscal years, the budget for the current fiscal year, an updated projection for the current fiscal year, and the proposed budget for the next fiscal year, which has a surplus of \$67,919. Additional detail for this year's and next year's budget can be found on the last two pages of this document.

	11-12 actual	12-13 actual	13-14 budget	proj. variance	13-14 proj.	14-15 prop.
TSM advertising	1,414,577	1,134,995	1,280,600	-217,702	1,062,898	1,468,000
SSBC	436,438	436,438	436,438	5,600	442,038	436,438
external contracts	96,411	86,032	91,400	0	91,400	82,400
unit-generated	137,448	130,892	112,350	-35,000	77,350	100,400
TOTAL REVENUE	2,084,874	1,788,357	1,920,788	-247,102	1,673,686	2,087,238
professional salaries/wages	575,692	589,563	671,687	120,000	551,687	683,819
fringe benefits	276,084	277,243	330,715	40,000	290,715	351,308
advertising commissions	92,460	82,000	98,885	23,800	75,085	118,525
student wages	339,009	346,400	204,744	0	204,744	217,894
ITS support	46,350	44,276	33,670	0	33,670	33,670
utilities	73,647	60,293	71,575	0	71,575	72,512
travel	8,567	6,313	8,575	0	8,575	8,575
editor / station manager tuition	39,300	37,700	21,300	0	21,300	21,300
printing expense	319,795	272,636	308,800	29,000	279,800	267,800
delivery expense	70,771	64,522	68,400	1,700	66,700	66,700
phones & data lines	24,655	25,642	22,785	0	22,785	12,695
equipment/supplies	21,254	12,977	21,250	0	21,250	21,250
insurance	14,416	15,889	17,515	0	17,515	17,515
service contracts	13,878	30,438	28,565	0	28,565	28,565
credit card expense	10,068	7,034	11,420	0	11,420	11,420
postage & mailouts	15,438	12,087	22,150	0	22,150	22,150
promotions	12,411	15,103	11,550	0	11,550	11,550
supplies/services/stationery	13,260	9,169	12,250	0	12,250	12,250
parking	540	540	575	0	575	575
registrations/subscriptions/dues	17,831	9,424	11,150	0	11,150	11,850
other	14,667	25,708	12,240	0	12,240	11,740
VPSA allocation	29,958	29,958	29,958	0	29,958	0
UNIT EXPENSE	1,128,898	1,045,662	1,012,735			998,659
net UT administration fee	0	1,705	16,188	0	16,188	15,656
overhead expense - general	544,865	593,917	627,871			599,728
overhead expense - advertising/creative	392,636	366,969	427,219			453,123
depreciation	36,348	30,342	40,000	0	40,000	40,000
TOTAL EXPENSE	2,066,399	2,006,964	2,075,947	214,500	1,861,447	2,059,319
GRAND TOTAL	18,475	-218,607	-155,159		-187,761	27,919
depreciation	36,348	30,342	40,000		40,000	40,000
NET IMPACT ON TSM RESERVE	55,323	-188,265	-115,159		-147,761	67,919

Here are some key aspects of the proposed budget for 2014-2015, along with their approximate financial impacts, relative to the budget in effect for 2013-2014.

Advertising revenue increase: \$187k

This is the crucial part of the budget. Bringing in \$1,468,000 in internally-generated advertising revenue would restore this line item to where it was three years prior. If the revenue decline trend is not reversed, however, the TSM Reserve could be exhausted by the end of the next fiscal year.

Professional staff salary + fringe benefits expense increase: \$33k

The net increase of 1.45 FTE is not as expensive as might be expected, in part because over the past year TSM has experienced the departure of a few staffers who were higher on the salary scale than their replacements. It's expected that the new hires would be lower on the salary scale as well.

In addition to replacing the retired Salesperson, the proposal calls for hiring an additional Salesperson and a Sales Assistant, to help restore the Advertising Department to the critical mass necessary to drive sales revenue increases. The revenue projections provided by C.J. Salgado (see next page) are contingent upon these additions.

The proposal also calls for hiring a Broadcast Coordinator. The attempt to merge two jobs (Texan adviser and Radio/TV adviser) into one has been a failed experiment. The Texan deserves a full-time adviser, as do the broadcast media. This support is particularly important for Texas Student TV, for which unit-generated income is a sizable line item. Professional support is needed if TSTV is to maximize the value of the new live mobile remote production unit.

Printing/delivery expense decrease: \$43k

The number of days of printing, the number of pages printed, and the number of copies printed are slated to remain unchanged for the Texan. Because this year's print orders have been minimized, print cost savings relative to the 2013-2014 budget are expected for both this year and next year.

Student wages increase: \$13k

Having been significantly cut last year, student wages will remain untouched, save for small increases to compensate students who work on revenue-generating TSTV productions and students who are part of the TSM Web Team.

Vice President for Student Affairs Office expense decrease: \$30k

The expense related to the VPSA Office will no longer apply.

Texas Student Media 2014-2015 Budget Projections

As requested these are the sales projections with the parameters listed below. It must be understood that increases without change to the process or addition in staff is not expected due to current situation of being severely understaffed. A change must be elected to allow for growth of the organization.

Entities	Projected Rev [no changes]	Projected Rev [process changes]	Projected Rev [process change & additional staff]
Daily Texan Local Advertising	600,000.00	630,000.00	750,000.00
Daily Texan Campus Advertising	70,000.00	77,000.00	77,000.00
Daily Texan National Display - Agencies	50,000.00	55,000.00	55,000.00
Daily Texan National Display - Other	100,000.00	110,000.00	150,000.00
Daily Texan Classified Advertising	15,000.00	16,500.00	16,500.00
Daily Texan Online Advertising	70,000.00	77,000.00	97,000.00
Daily Texan Mobile Advertising	5,000.00	5,500.00	5,500.00
Texas Travesty Advertising	5,000.00	5,500.00	5,500.00
Our Campus Advertising	15,000.00	16,500.00	16,500.00
Longhorn Life Advertising	70,000.00	77,000.00	87,000.00
Orientation Advertising	80,000.00	88,000.00	88,000.00
KVRX Underwriting/Events	50,000.00	55,000.00	60,000.00
KVRX Online Advertising			
TSTV Underwriting/Events	50,000.00	55,000.00	60,000.00
TSTV Online Advertising			
	1,180,000.00	1,268,000.00	1,468,000.00

Staff	Budgeted Salary	Projected Revenue	Notes
Retiree Replacement	40,000.00	100,000.00	<i>Based on annual output of new sales employees</i>
New Salesperson	32,500.00	100,000.00	<i>Based on annual output of new sales employees</i>
Sales Admin	40,000.00	10,000.00	<i>By providing support to the sales staff it will allow for additional sales time</i>
Broadcast Manager	45,500.00	25,000.00	<i>Increase expected only if process change implemented</i>
	158,000.00	235,000.00	

Conditional items: Additional ideas to bring in more revenue by revamping existing products or other events.	
<i>(Event opportunities to increase revenue exist, but would require additional manpower. Any event projections have been provided by event manager)</i>	
Housing event (add one more in fall)	20,000.00
New event "Best of UT"	10,000.00
Management of KVRX Pledge drive by new broadcast manager	15,000.00
Summer Concert Series (TSTV & KVRX)	2,000.00
TSTV - production focus shifts to (3-4) Texas Eats, Weekly Wheel Deals, Game Show etc. Managed by new broadcast manager.	20,000.00
Travesty Comedy Show Programs - Turn Travesty into the "official" Austin Comedy Program. 12 issues a year with 5-10 clubs sponsoring. Revamp distribution in Austin to not just focus on student market	30,000.00
The Daily Texan Comic - (1st edition 2014) - \$3k printing expense	5,500.00
Comic sold at events by DT staff	1,500.00
Longhorn Life (<i>bid process required</i>)	125,000.00
revamp of edition better quality - \$50K printing expense	
revamp of website, increase traffic, marketing - \$40k	75,000.00
	304,000.00

	gen. ovhd.	adv. ovhd.	Supp. Serv.	Daily Texan	TSTV	KVRX	Cactus	Travesty	2014-2015 proposed budget
local+campus advertising/underwriting			191,500	827,000	60,000	60,000		5,500	1,144,000
national advertising				205,000					205,000
classified advertising				16,500					16,500
online advertising				97,000					97,000
mobile advertising				5,500					5,500
SSBC				271,919	80,919	67,720	7,694	8,186	436,438
Visitor's Guide			5,000						5,000
directory/planner			40,000						40,000
tower rental						11,400			11,400
third-party advertising/underwriting						6,000	20,000		26,000
class fees					12,000				12,000
kids camp					5,000				5,000
production					45,000				45,000
other sales							300		300
subscriptions & sales			100	1,600	1,000	300	35,000	100	38,100
TOTAL REVENUE			236,600	1,424,519	203,919	145,420	62,994	13,786	2,087,238
fringe benefits	121,912	95,895	24,451	108,750			300		351,308
administrative/professional salaries	128,525	126,960	4,305		8,610	8,610			277,010
administrative/professional longevity	1,080	1,180	216		432	432			3,340
administrative/professional contingency	2,571	2,539	86		172	172			5,540
classified salaries	136,508	128,240	12,504	66,012	24,000	16,000			383,264
classified longevity	2,480	920							3,400
classified contingency	2,730	2,565	250	1,320		320			7,665
professional wages					1,800	1,800			3,600
advertising commissions			13,405	80,570	12,000	12,000		550	118,525
student wages		58,968	17,800	97,238	18,500	9,750	12,488	3,150	217,894
ITS support	33,670								33,670
utilities	67,512					5,000			72,512
travel	1,000	1,000		6,500	75				8,575
editor / station manager tuition				9,600	3,600	3,600	3,600	900	21,300
printing expense			25,000	220,000			20,000	2,800	267,800
delivery expense				66,700					66,700
phones & data lines	2,000	3,000	45	3,500	2,000	2,000	150		12,695
equipment/supplies	12,300	350		6,700	1,200	200	500		21,250
insurance	16,500				615	400			17,515
service contracts	13,000			14,500	1,000	65			28,565
credit card expense		11,000				20	400		11,420
postage & mailouts	3,000	500	7,500	11,000	100		50		22,150
promotions		8,500			350	2,000	500	200	11,550
supplies/services/stationery	2,500	6,000		1,500	1,100	1,000	150		12,250
parking				500	25		50		575
registrations/subscriptions/dues	4,000	1,500		1,500	2,500	2,000	350		11,850
other	4,100	500		4,550	2,300	100	190		11,740
VPSA allocation									
UNIT EXPENSE			105,562	700,440	80,859	65,469	38,728	7,600	998,659
net UT administration fee	4,341	3,506	844	5,522	618	494	278	54	15,656
overhead expense - general			65,688	414,973	53,575	40,550	20,679	4,263	599,728
overhead expense - advertising/creative			59,110	355,275	18,520	18,520		1,698	453,123
depreciation	40,000								40,000
TOTAL EXPENSE	599,728	453,123	231,204	1,476,210	153,572	125,034	59,685	13,615	2,059,319
GRAND TOTAL			5,396	-51,691	50,347	20,386	3,309	171	27,919
depreciation									40,000
NET IMPACT ON TSM RESERVE									67,919

1,958,643 expenses for 3.25% admin. Fee