Underwriting results

Public media organizations with local journalism commitments

November 2021

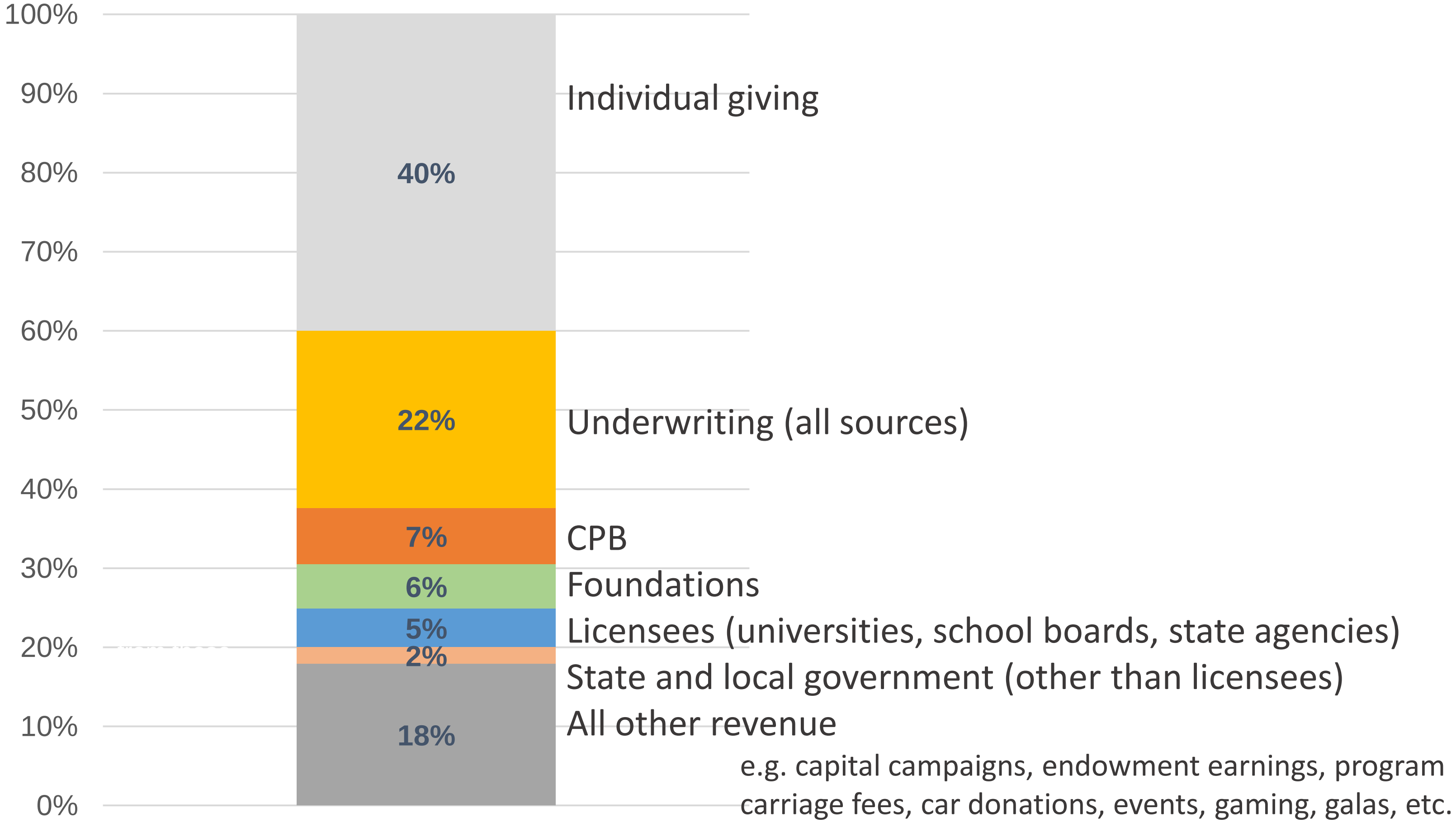
STATION RESOURCE GROUP

Underwriting is the second largest source of public radio's direct revenue

By now it is widely known that local underwriting has been severely disrupted over the past two years. Pandemic consequences have taken a toll on many of public radio's loyal underwriters.

This report is a first compilation of local underwriting results from pre-pandemic through their 2021 fiscal years. The focus is organizations with commitments to local news.

We hope it will help individual organizations place their results in a larger context – and plan for a better future. We hope the report will inform policy and funding decisions to remedy some of the damage.



Underwriting results for public media organizations with local journalism commitments

Significant drop in underwriting dollars at organizations committed to local journalism

Public media organizations with commitments to local journalism lost 1 in 5 underwriting dollars (22 percent) from FY 2019 to FY 2021

An October 2021 SRG survey of underwriting at local public media organizations shows:

- $279.4 million pre-pandemic underwriting revenue (FY 2019)
- $216.8 million inmost recent underwriting revenue (FY 2021)
- $62.6 million combined loss across 98 responding organizations
  - 23 organizations lost more than a third of their underwriting support from FY 2019 to FY 2021
  - Despite these overall losses, 17 of the 98 organizations had a two-year gain – most of these gains were less than 10 percent

Underwriting changes by station cohorts

Like most every other financial element of station operation, underwriting revenue varies significantly from organization to organization. SRG placed the 98 organizations that reported underwriting results in 5 cohorts based on the amount of their pre-pandemic FY 2019 underwriting.

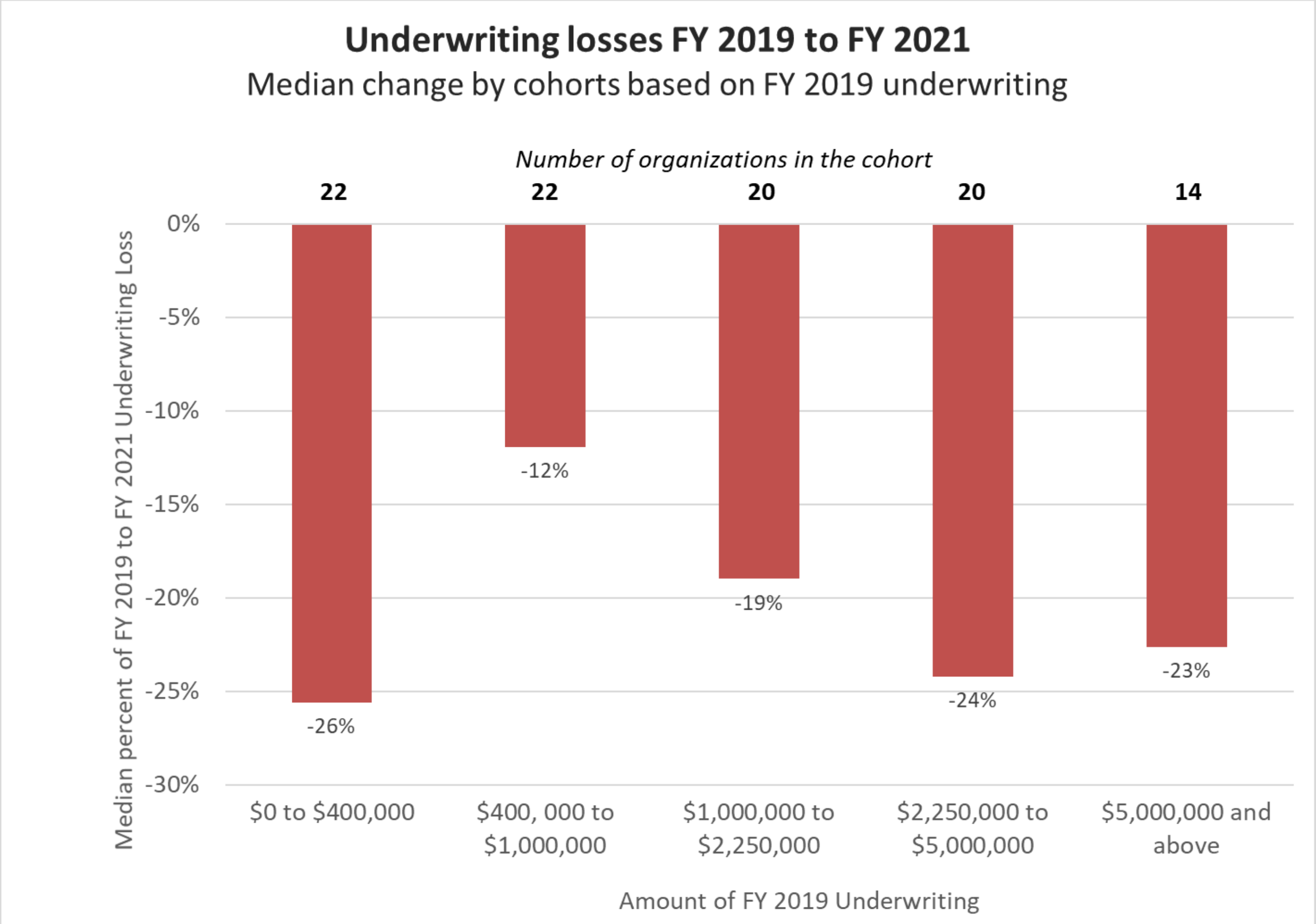
FY 2019 Underwriting	Number of Organizations	Total FY 2019 Underwriting	Median loss FY 19 to FY 21	Total 2-year loss by cohort
$0 to $400,000	22	$5,094,391	-26%	-$1,048,550
$400, 000 to $1,000,000	22	14,027,853	-12%	-1,651,935
$1,000,000 to $2,250,000	20	31,451,110	-19%	-5,909,172
$2,250,000 to $5,000,000	20	62,789,374	-24%	-15,340,474
$5,000,000 and above	14	165,991,168	-23%	-38,640,195

Underwriting losses hit organizations of all sizes

Within the 22 percent two-year loss across all responding organizations, there are notable variations among cohorts with different levels of underwriting. This chart displays the median change in each group.

Small organizations – those with less than $400,000 in underwriting in FY 2019 experienced the largest median loss, 26 percent.

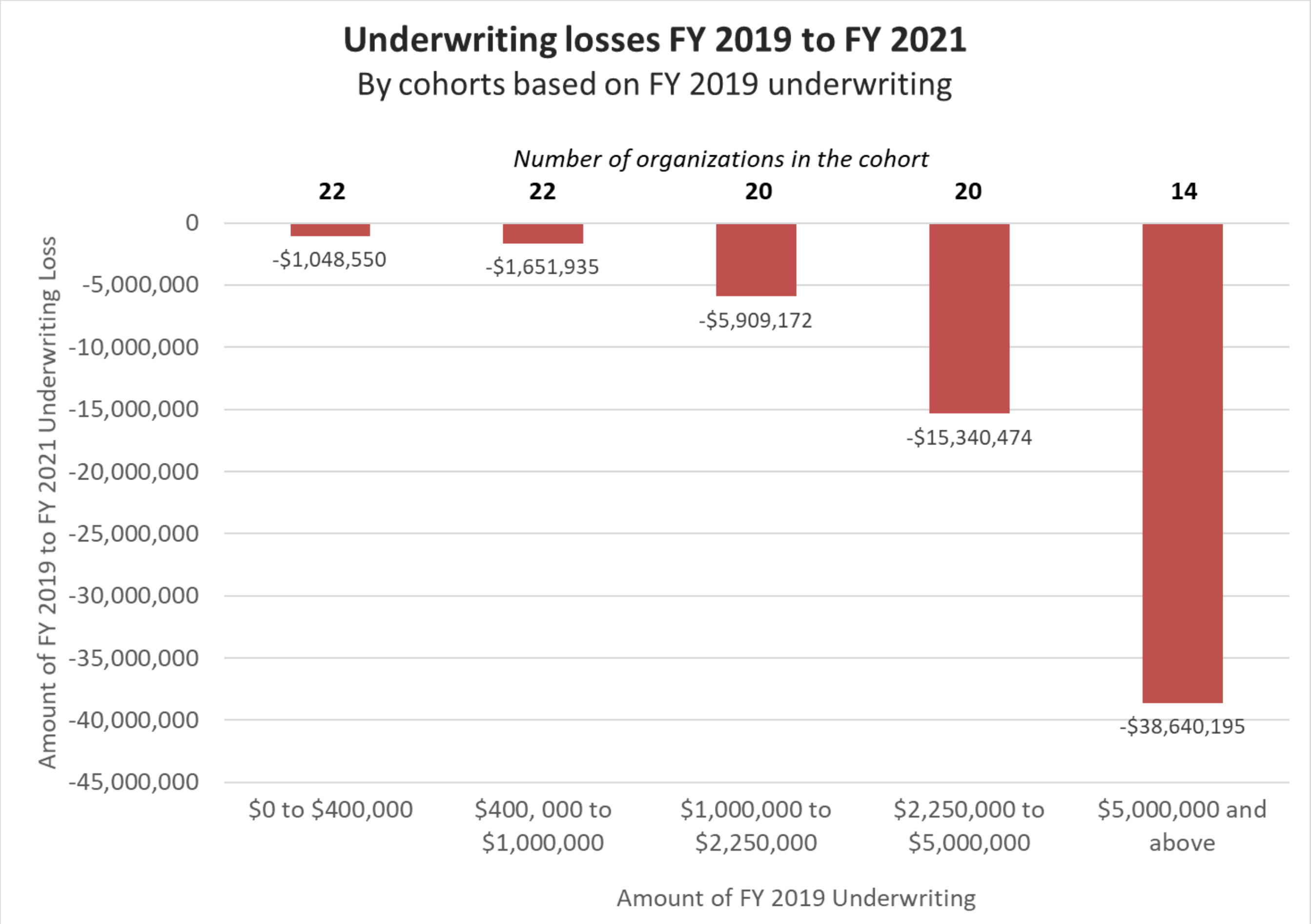
But the next cohort, those with FY 2019 underwriting of $400,000 to $1 million, lost less than half that percentage over the two years and had the "best" performance of all cohorts.



Dollars lost at the largest stations are dramatic

Differences among the cohorts are much more dramatic when considering the actual amount of the two-year loss.

The 14 organizations that had $5 million or more in FY 2019 underwriting lost more revenue than all the other 84 organizations put together – a drop of $38.5 million.



Are things getting better or worse?

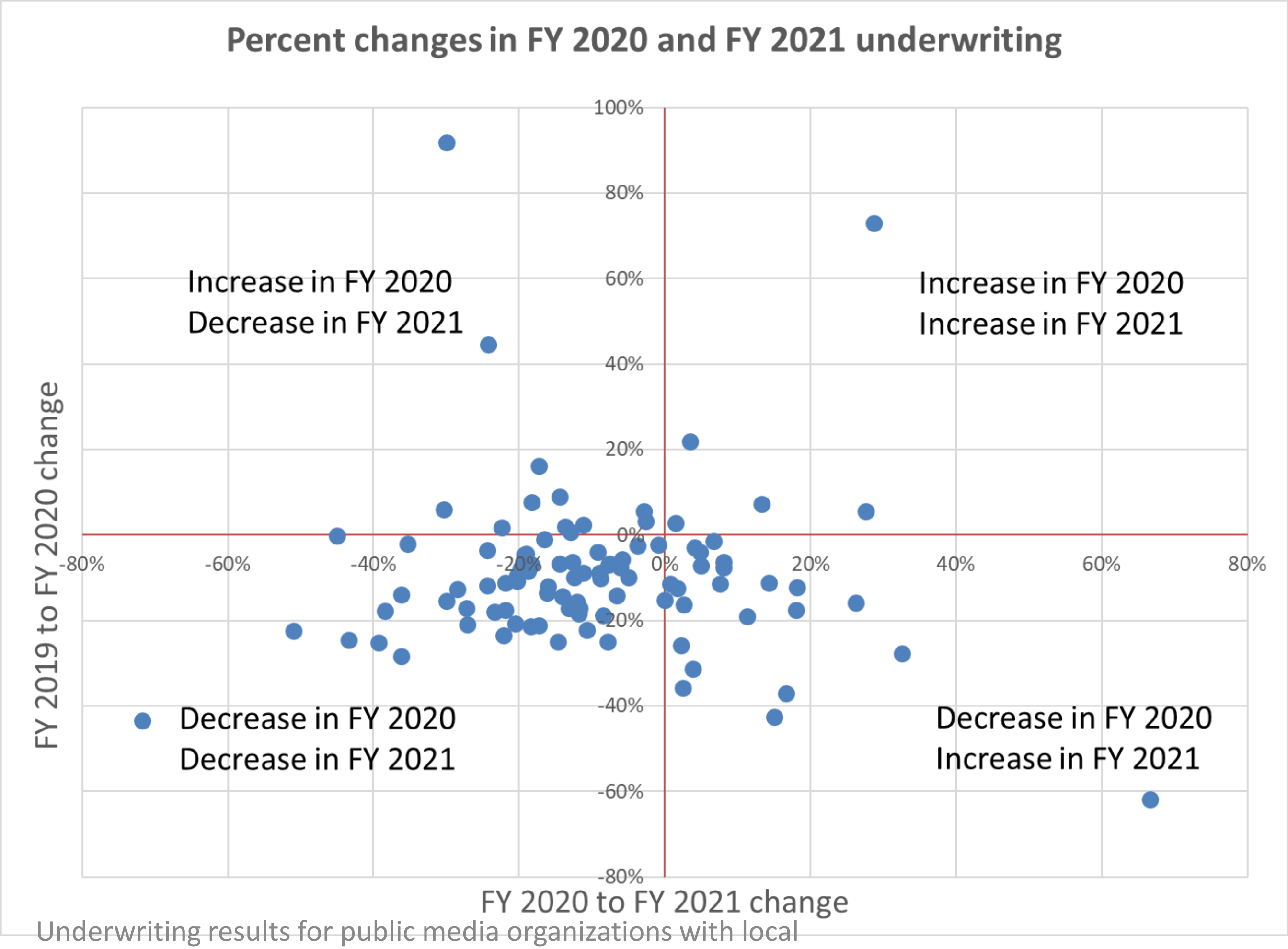
The majority of organizations had compound losses

In this chart underwriting changes in FY 2020 are arrayed vertically. Changes in FY 2021 are arrayed horizontally.

55 organizations, sustained a "double whammy" – an underwriting loss in FY 2020 compounded by a further loss in FY 2021. These organizations are shown in the lower left quadrant of the chart.

5 organizations saw increases in both FY 2020 and FY 2021. They are shown in the upper right.

38 organizations saw mixed results across the two years. Only 28 saw underwriting growth in FY 2021.



Underwriting results for public media organizations with local journalism commitments

Who is improving – and who is not?

Organizations with a line above the horizontal axis had a better percentage result as they moved from FY 20 to FY 21 than they did the year prior. That doesn't mean they have recaptured their FY 19 position – most of them did not – just that the year-over-year net was better in the most recent year.

The organizations with a line below the axis did worse in FY 21 – their underwriting position continued to erode.

Larger organizations are on the left; smaller organizations are on the right.

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About the sample and the respondents

SRG reached out to 134 organizations that operate public radio stations with a substantive commitment to local journalism – based on the number of their local journalists and inclusion in public media journalism cohorts created for other projects by SRG, CPB, and the Pew Charitable Trusts.

SRG asked these organizations to share underwriting results for fiscal years 2019, 2020, and 2021. This survey was fielded in mid-October 2021.

98 organizations responded, 73% of the sample.

The 98 organizations responding to the survey reflected the composition of the sample in most respects:

- 85 percent of the respondents had completed their FY 2021 fiscal years by June 30 and almost all the rest had fiscal years ending September 30.
- 31 percent are joint radio/TV operations. Some reported their overall underwriting results and other provided only radio data.
- 41 percent operate one or more music stations in addition to their primary station for news. These organizations reported underwriting results for all their radio operations.
- Responding organizations had larger overall budgets than non-respondents. The median FY 2019 total direct radio revenue reported to CPB by the respondents was $4.2 million. The median total direct radio revenue of the non-respondents was $2.5 million.